Challenger Exploration Ltd. (ASX: CEL) – High-Grade Argentine Gold Project, Ecuadorian Project Next to 17-Million-Ounce Deposit

COULOIR CAPITAL

Investment Highlights

- Challenger Exploration Ltd. ("CEL", "company") is a precious metals explorer with a focus on gold and gold-copper projects in Latin America.
- **High-Grade Hualilan:** The Hualilan Property is a gold exploration asset in the San Juan Province of Argentina that we see as a major driver of CEL's growth. Apart from being the more developed of CEL's assets, it carries a non-compliant historical resource of 627,000 ounces at 13.7 g/t Au, which we consider to be exceedingly high-grade.
- **El Guayabo and Neighbouring Cangrejos:** CEL also has the El Guayabo Project in Ecuador, which is less than 10 km from the 17-million-gold ounces Cangrejos Project.
- **Aggressive Drilling Campaign at Hualilan, Near-Term Results for El Guayabo:** At Hualilan, CEL has a 45,000-meter drilling program to be rolled out over the next 6-8 months. At El Guayabo, surveying, soil-sampling and re-assaying results to be reported in Q4-2020 could drive additional drilling.
- **Fully Financed for Planned Exploration:** CEL recently raised $20 million, which we believe fully finances it for exploration work through to mid-2021.
- **Based on our analysis and valuation models, we are initiating coverage with a BUY rating and a fair value per share estimate of $0.28 per share.**

Current Price (A$):	$ 0.22
Fair Value (A$):	$ 0.28
Projected Upside:	27.46%
Action Rating:	BUY
Perceived Risk:	VERY HIGH

Shares Outstanding:	648,724,627
Market Capitalization (A$):	$ 142,719,418
P/E	-
P/B	9.65
YoY Return	437.50%
YoY ASX Return	-6.40%

2020E Revenue Forecast	N/A
2020E EBITDA Forecast	N/A
2020E Earnings Forecast	N/A
2020E EPS	N/A
EV/ 2020E EBITDA	N/A
P/ 2020E Earnings	N/A

*Note that all $ amounts are A$ unless stated otherwise.

Key Financial Data (FYE - June 30) (A$)		2019		2020
Cash	$	5,043,935	$	3,801,292
Working Capital	$	3,935,896	$	2,778,224
Mineral Assets	$	3,277,843	$	11,653,007
Total Assets	$	8,410,546	$	15,975,963
Net Income (Loss)	$	(5,834,974)	$	(1,735,299)
EPS	$	(6.50)	$	(0.35)

Rob Stitt, CAIA

October 20, 2020

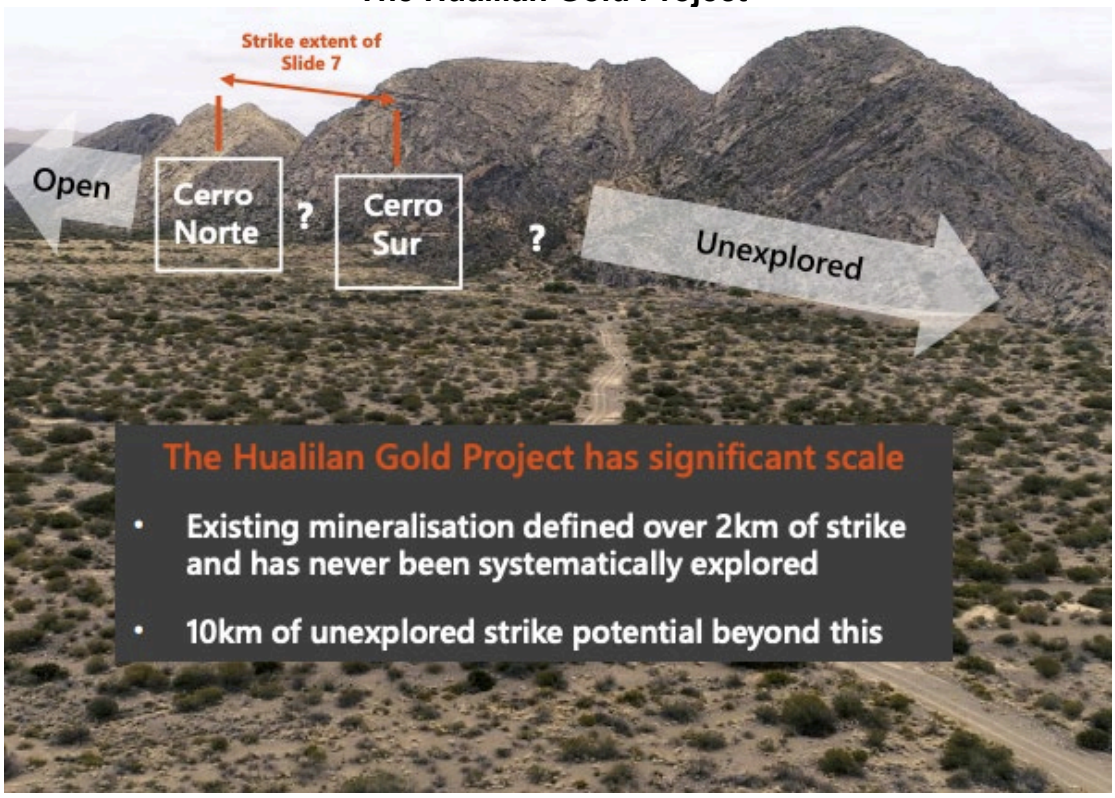
CEL is an ASX-listed metals exploration company with a focus on precious and base metals in Latin America. At current, CEL's assets include the Hualilan Project in Argentina and the El Guayabo Project in Ecuador, both of which are early-stage exploration assets without JORC compliant resource estimates. However, that is expected to change, as CEL has recently wrapped up 7,500 meters worth of drilling at Hualilan, from which it expects to derive a JORC compliant resource in Q1 2021. The company is currently working to complete its underground channel sampling program by the end of 2020 to support the JORC compliant resource. At El Guayabo, significant anomalies on the Tenements comprising the Property has provided CEL with plenty of resource potential to follow up on, and working through re-assays on the historical drill core left behind by previous explorers has given the company plenty to work through (and announce to investors). Moving forward, CEL is set to embark on an aggressive drilling campaign. Concurrent to this, we expect exploration work at El Guayabo to begin yielding results in the final quarter of 2020, with those same results potentially driving a more aggressive future campaign. CEL's portfolio of mining exploration assets includes:

- **The Hualilan Project:** Hualilan is a high-grade gold prospect with a track record of extensive historical drilling as well as more recent drilling done by the company. The project carries a significant aggregate historical resource of 627,000 ounces at 13.7 g/t Au, which whilst not JORC compliant, points to the project being one of the highest-grade projects in recent times. To advance the project to compliancy, CEL are awaiting assay results from a recently completed drilling campaign that totalled 7,500 meters and an underground mapping and sampling program expected to be complete in Q4 2020. On a forward basis, it has also just begun an aggressive 45,000-meter drilling campaign.
- **The El Guayabo Project:** El Guayabo is a significant gold-copper prospect given the geological similarities between it and the nearby Cangrejos Deposit, which is a 17-million-ounce gold deposit. Whilst El Guayabo has yet to be drilled by CEL, the project has seen drilling by previous owners and CEL have managed to uncover major discrepancies in historical assays via re-assaying of historical drill cores. Given that re-assays have returned better intercepts than previously recorded, CEL believes the project may have better mineral potential than previously thought, and are undergoing multiple exploration initiatives that could eventually trigger future drilling.

The Hualilan Gold Project

Located in the Argentine province of San Juan, a noted jurisdiction considered one of the most pro-mining provinces in Argentina, the Hualilan Gold Project is an advanced exploration asset comprising 15 mining leases and an exploration license application covering 2,600 hectares. The concession area is split between two main zones – the Cerro Norte (containing seven mining leases) and Cerro Sur (containing eight mining leases).

The Hualilan Gold Project



Source: Company

CEL has the right to earn up to a 75% ownership interest in Hualilan (from its current 25% ownership position) via the completion of certain milestones, including:

- A payment of 1.67 million shares to Cerro Sur owners for assignment of the Cerro Norte farm-in.
- Payment of 1.67 million shares as a milestone due 22 June 2019. Shares for both the above and this milestone were issued by 17 September 2019, totalling 3.33 million common shares of CEL.
- Minimum of $1 million exploration spend on the Hualilan Project.
- Issues of a further 11.67 million shares no later than 1 July, 2020, which will bring CEL's ownership in Haulilan to 25%. This was achieved June 30, 2020 via the issues of 5 million shares to the owners of Cerro Norte and 6.67 million shares to the owners of Cerro Sur.
- The remaining milestone including the completion of a Definitive Feasibility Study within five years of the commencement date and the issue of a further 50 million common shares to the owners of Cerro Norte and Cerro Sur, bringing CEL's ownership from 25% to 75%.

The lease blocks that comprise the Hualilan Project operated by CEL are outlined below. In addition to the annual rent due on the leases, CEL is subject to minimum capital investment requirements as well as minimum exploration expenditure requirements. Royalties in San Juan do not exceed 3%.

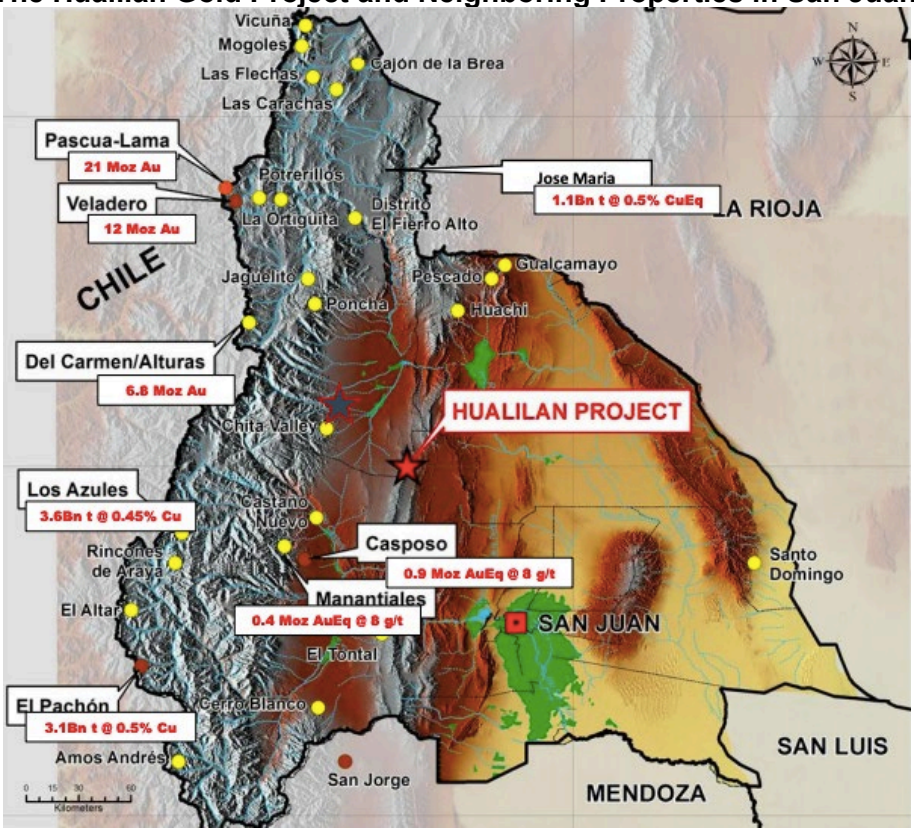
The Hualilan Gold Project: Granted Mining Leases

Name	Number	Current Owner	Status	Grant date	Area (ha)	Annual rent (US$)
Cerro Sur						
Divisadero	5448-M-1960	Golden Mining S.R.L.	Granted	30/04/2015	6	8
Flor de Hualilan	5448-M-1960	Golden Mining S.R.L.	Granted	30/04/2015	6	8
Pereyra y Aciar	5448-M-1960	Golden Mining S.R.L.	Granted	30/04/2015	6	8
Bicolor	5448-M-1960	Golden Mining S.R.L.	Granted	30/04/2015	6	8
Sentazon	5448-M-1960	Golden Mining S.R.L.	Granted	30/04/2015	6	8
Muchilera	5448-M-1960	Golden Mining S.R.L.	Granted	30/04/2015	6	8
Magnata	5448-M-1960	Golden Mining S.R.L.	Granted	30/04/2015	6	8
Pizarro	5448-M-1960	Golden Mining S.R.L.	Granted	30/04/2015	6	8
Cerro Norte						
La Toro	5448-M-1960	CIA GPL S.R.L.	Granted	30/04/2015	6	8
La Puntilla	5448-M-1960	CIA GPL S.R.L.	Granted	30/04/2015	6	8
Pique de Ortega	5448-M-1960	CIA GPL S.R.L.	Granted	30/04/2015	6	8
Descrubidora	5448-M-1960	CIA GPL S.R.L.	Granted	30/04/2015	6	8
Pardo	5448-M-1960	CIA GPL S.R.L.	Granted	30/04/2015	6	8
Sanchez	5448-M-1960	CIA GPL S.R.L.	Granted	30/04/2015	6	8
Andacollo	5448-M-1960	CIA GPL S.R.L.	Granted	30/04/2015	6	8

Source: Company

The Hualilan Project is situated in an area that has an abundance of precious metals and base metals deposits, as well as an extensive production history and a number of currently producing mines (such as the Veladero Gold Mine). San Juan features a strong concentration of mineral assets in proximity to CEL's own property. As the map below shows, Hualilan neighbors mining assets held by the likes of Barrick Gold Corp. (TSX: ABX), Glencore PLC (LSE: GLEN), McEwen Mining Inc. (NYSE: MUX) and Sibanye-Stillwater Ltd. (JSE: SSW).

The Hualilan Gold Project and Neighboring Properties in San Juan



Source: Company

In terms of accessibility, the Hualilan Project is accessible via sealed roads to within 500 meters of the project and then by a series of unsealed roads around the Hualilan Project area. The closest population centre is the town of Bella Vista, which is approximately 40km to the north. In terms of the closest major city, the city of San Juan (capital of the eponymous province) with a population of over 0.5 million is located around 120km to the southeast. Access to San Juan City is possible via Provincial Route 436 (63km) and National Route 40 (57km). As a major population center, we expect that San Juan City is capable of providing for or acting as a suitable transit point for most of CEL's future manpower and capital good requirements. In addition to the road infrastructure connecting Huallilan to San Juan City, the Domingo Faustino Sarmiento Airport is located 15km from the city of San Juan. The airport has a 2,460-meter long asphalt runway that services frequent flights to the Argentine capital of Buenos Aires, providing further accessibility.

In terms of climate and geography, the property area is situated within a region that exhibits a dry desert climate with cool winters and warm summers, though extremes in temperature have been noted (up to 40 degrees Celsius in the summer and -10 degrees Celsius in the winter). Temperatures typically average between 16 and 18 degrees Celsius. Annual average precipitation is approximately 100-200mm, with the rainy season commonly falling in December-January. Despite the potential for extreme temperatures in the desert climate, mineral exploration work can typically be done year-round. There are no permanent water bodies in proximity to Hualilan, though there are alluvial channels draining from the west that pass through the project

area. A range of steep north-striking hills and gently dipping valley floors defines the local topography, with average elevation of the plains at the hill base being 1,720 meters above sea level with relief in the order of 210 meters above the plain. The local vegetation is defined by infertile and generally alkaline soils, which supports a sparse shrubbery of grass, cactus, thorny bushes and other hardy plant species.

The Hualilan Gold Project: Exploration Work & Resource Profile

Whilst the Hualilan Property has yet to be advanced to a JORC compliant resource estimate, a historical foreign resource estimate exists for the project, reflecting the significant historical exploration work done at the site. Much of this historical exploration work is covered in a section below specifically outlining Hualilan's history. La Mancha Resources Inc. ("La Mancha"), a now acquired miner, drilled 47 holes covering 7,477 meters between 2003 and 2005. The exploration work done by La Mancha led to two resource estimates, one in 2003 and an updated estimate in 2006. The 2003 resource estimate presented a significant gold resource at Hualilan, with a key feature being its extremely high gold grade, with average grade of 14.4 g/t Au on measured and inferred resources and 13.7 g/t Au on a consolidated resource base.

Hualilan 2003 Foreign Resource Estimate

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: Company

La Mancha's 2006 resource estimate came in significantly lower than the resource estimate in 2003, as it did not include the Magnata Vein (which contributed almost half of the resource for the 2003 estimate) and also included arbitrary tonnage reduction factors for indicated and inferred resources. It is unclear what factors caused La Mancha to adjust their previous resource estimate downwards.

Hualilan 2006 Foreign Resource Estimate

Category	Tonnes (kt)	Gold grade (g/t)	Contained gold (koz)	Silver grade (g/t)	Contained silver (koz)	Zinc grade (%)	Contained zinc (kt)
Measured	163	12.7	67	52	275	2.5	4.1
Indicated	51	12.5	20	37	60	2.6	1.3
Total of Measured & Indicated	**214**	**12.7**	**87**	**49**	**336**	**2.5**	**5.4**
Inferred	214	11.7	81	46	319	2.3	4.9
Total of Measured, Indicated & Inferred	**428**	**12.2**	**168**	**48**	**655**	**2.4**	**10.3**

Source: Company

Based on the belief that the 2006 resource estimate understated Hualilan's resource potential and failed to include key mineralized zones, CEL embarked on a maiden drilling program with the key objective of expanding on La Mancha's and other previous exploration work done on the project. CEL's maiden drill program in 2019 encompassed 1,500 meters over 10 holes and included major intercepts summarized in the table below.

Hualilan Maiden Drilling Campaign Results

Drill hole (#)		From (m)	To (m)	Total (m)	Gold (g/t)	Ag (g/t)	Zn (%)	Au Equiv (g/t)
GNDD-001	from	32.0	35.0	7.0m	2.3	5.8	0.5	2.6 g/t AuEq
GNDD-002A	from	31.0	32.0	1m	1.0	2.4	0.9	1.4 g/t AuEq
				1m	1.4	2.8	0.8	1.8 g/t AuEq
	from	81.5	82.1	0.6m (1)	2.8	27.3	28.1	16.4 g/t AuEq
GNDD-003	from	55.0	61.1	6.1m	34.6	21.9	2.9	36.2 g/t AuEq
	incl			3.0m	52.0	30.6	4.9	55.3 g/t AuEq
GNDD-004	from	6.0	14.5	8.5m	2.0	7.8	0.7	2.4 g/t AuEq
	from	18.7	22.1	3.4m	1.2	3.2	0.3	1.3 g/t AuEq
GNDD-005	from	29.0	32.0	3.0m	0.7	14.0	2.5	2.0 g/t AuEq
	from	43.0	44.0	1.0m	0.4	10.0	1.4	1.1 g/t AuEq
	and	59.0	64.0	5.0m (2)	10.9	101.0	1.5	12.7 g/t AuEq
	incl	61.0	64.0	3.0m	16.5	135.2	1.6	18.8 g/t AuEq
	and	77.0	80.0	3.0m	1.7	38.8	0.4	2.3 g/t AuEq
	and	83.0	84.0	1.0m	1.2	156.0	0.7	3.2 g/t AuEq
GNDD-006	from	78.5	85.0	6.5m	4.2	21.0	0.3	4.6 g/t AuEq
	inc	78.5	82.3	3.8m	6.8	34.0	0.4	7.4 g/t AuEq
	and	90.0	91.5	1.5m	2.1	40.8	0.9	3.0 g/t AuEq
GNDD-007A	from	46.0	47.8	1.8m	2.4	3.1	0.2	2.5 g/t AuEq
	and	60.3	64.0	0.7m	0.8	25.0	0.2	1.1 g/t AuEq
	and	149.0	155.7	6.7m	14.3	140.0	7.3	19.3 g/t AuEq
	inc	150.6	153.7	3.1m	27.5	260.0	12.9	36.5 g/t AuEq
	and	176.4	180.0	0.6m	1.9	6.7	1.0	2.4 g/t AuEq
GNDD-008A	from	96.6	99.3	2.6m	22.8	218	0.7	25.5 g/t AuEq
	and	105	115	10.0m	0.6	28.2	0.7	1.2 g/t AuEq
GNDD-009	from	100.0	103.0	3.0m	0.9	50	0.9	1.4 g/t AuEq
	and	109.1	119.4	10.3m	10.4	28	4.6	12.9 g/t AuEq
	incl	115.2	119.4	4.2m	21.9	58	8.7	26.4 g/t AuEq
GNDD-010	from	30.0	32.0	2.0m	0.9	37	0.1	1.4 g/t AuEq
	and	34.0	35.0	1.0m	0.9	7.6	0.1	1.0 g/t AuEq
	and	55.0	56.3	1.3m	1.1	30	0.8	1.8 g/t Au Eq
	and	139.0	142.0	3.0m	17.7	143	2.5	20.5 g/t AuEq

(1) 3m void was encountered immediately above the Intercept of 0.6m @ 18.1 g/t AuEq. This void is an underground access tunnel that was excavated on ore
(2) Intercept not closed - CEL is waiting on assay results for 2 x 1m samples above and below the reported Intercept
(3) Gold equivalent values were calculated using a price of US$1450 for Gold, US$16 for Silver, US$2200t Zinc, Recoveries were not factored into the calculation of Gold equivalents given metallurgical test work is preliminary in nature)
(4) Drill results are reported at 1 g/t AuEq cut-off

Source: Company

In 2020, the bulk of CEL's exploration work at Hualilan was undertaken as a result of a 7,500-meter drilling campaign that commenced in February 2020 and was recently completed, with a total of 70 holes drilled. The purpose of the program was to extend the existing identified mineralization at Hualilan and support a JORC compliant resource estimate, thereby upgrading Hualilan's existing historical resource. The drilling undertaken as part of the campaign included a mixture of RC and diamond core drilling, with the aggregate drilling broken down into three key stages:

- **Stage 1:** Originally planned for 2,325 meters over 18 drill holes aimed at extending mineralization at Hualilan, with two holes to test previous drill intercepts as required to facilitate a compliant resource estimate.
- **Stage 2:** Originally planned for 1,000 meters to collect samples for metallurgical testing.
- **Stage 3:** Originally planned for 4,175 meters over 30 drill holes aimed at extending existing mineralization.

The concluded program yielded significant results and major high-grade intercepts, which we outline below based on the target zone / lease block at Hualilan.

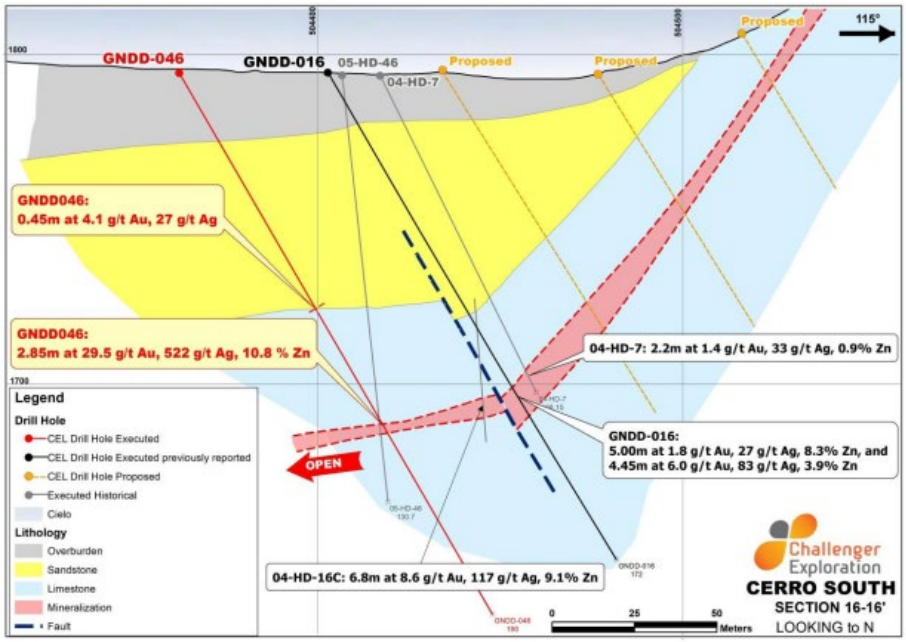
Sentazon: Following the success of drill hole GNDD-009 (which returned 10.3 meters at 10.4 g/t Au, 28 g/t Ag, 4.6% Zn for 12.9 g/t Au. Eq.) from its first drill campaign at Hualilan, CEL drilled an additional four holes to follow up on the identified mineralization. These included GNDD-011, GNDD-013, GNDD-014 and GNDD-016.

- Drill hole GNDD-011 was designed to extend GNDD-009's mineralization approximately 40 meters down dip. The grade encountered in GNDD-011 was lower than GND-009, though still of ore grade.
- GNDD-013 intersected 6.9 meters at 1.3 g/t Au, 12 g/t Ag, 2.7% Zn for 2.7 g/t Au Eq., with 0.83 meters at 9.9 g/t Au Eq. The hole extended GND-009's mineralization a further 25 meters south along strike, confirming that it remains open to the south.
- GNDD-014 was designed to satisfy JORC compliance and test the historical hole 05-HD-05 that returned 5.6 meters at 2.8 g/t Au, 19.9 g/t Ag, 1.2% Zn. CEL's hole returned 7.55 meters at 2.4 g/t Au, 15 g/t Ag, 3.6% Zn for 4.3 g/t Au Eq., with the intercept returned being both wider and higher grade on an aggregate gold-equivalent basis, confirming that historical drill work on the project have understated grade and width.
- GNDD-016 was designed to extend Sentazon's mineralization 40 meters north along strike from GNDD-009. GNDD-016 hit 4.5 meters at 6 g/t Au, 83 g/t Ag, 3.9% Zn for 8.9 g/t Au Eq. and 5 meters at 1.8 g/t Au, 27 g/t Ag, 8.3% Zn for 6.2 g/t Au Eq., with the near-ten meters of mineralization separated by two meters of limestone. Based on GNDD-016's intercept, CEL has confirmed that mineralization at Sentazon remains open to the north.

In addition to the initial holes discussed above, other major intercepts were encountered at Sentazon with subsequent drilling at holes GNDD-046 and GNDD-047.

- GNDD-046 was designed to follow up on GNDD-016 and extend the mineralization there approximately 50 meters down dip. GNDD-046 returned 2.9 meters at 29.5 g/t Au, 522 g/t Ag, 10.8% Zn for 40.3 g/t Au Eq., the best grading intercept at Sentazon to date and far better grading than GNDD-016. The drill hole confirmed further continuation of the mineralization and its openness at depth.

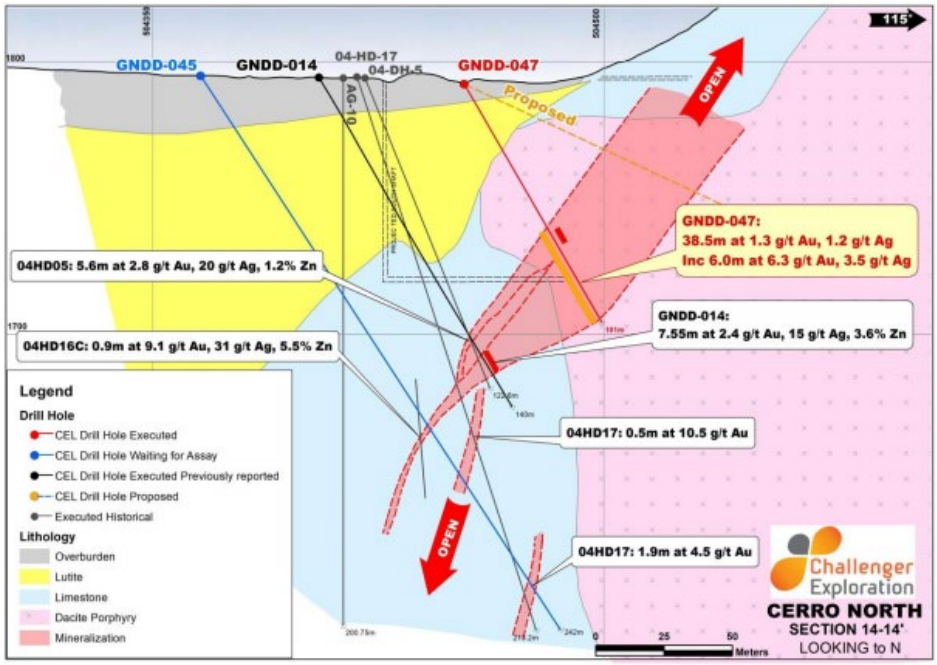
GNDD-046 Cross-Section Schematic



Source: Company

- GNDD-047 tested mineralization identified at GNDD-014 up-dip, returning 38.5 meters at 1.3 g/t Au, 1.2 g/t Ag from 61 meters including 6 meters at 6.3 g/t Au, 3.5 g/t Ag, from 62.5 meters, with two final samples in the hole returning 1.2 g/t Au and 0.1 g/t Au. GNDD-047 confirmed the potential for significant intrusive-hosted gold at Hualilan and extended the intrusion-hosted mineralization at Sentazon a further 300 meters to the south along strike.

GNDD-047 Cross-Section Schematic

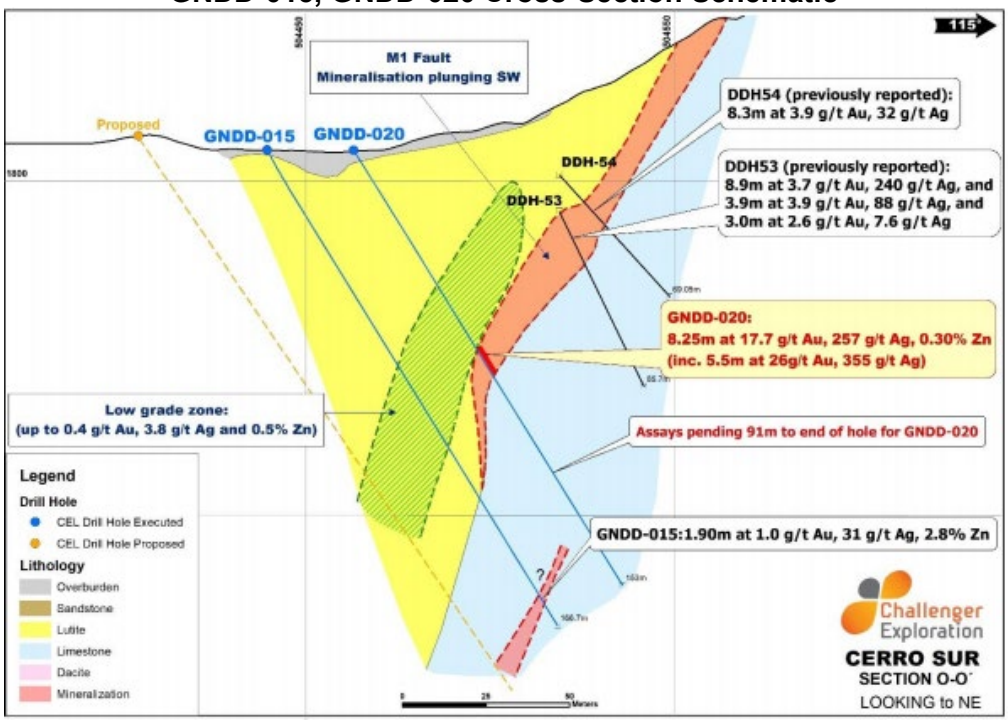


Source: Company

Magnata: At the Magnata Vein, CEL designed GNDD-015, GND018 and GNDD-020 to test the western ends of the vein, which is believed to be controlled by an east-west oriented strike slip fault dipping from 60 degrees to the north to near vertical. This fault is theorized to be one of the key structures controlling Hualilan's mineralization, with mineralized fluids moving up the fault to form the Magnata Vein and replacing existing structures (such as limestone beds) with north-south oriented massive sulphide manto deposits.

- GNDD-015 tested the 100 meters of undrilled strike between previously drilled holes GNDD-005 and GNDD-006, and returned 1.9 meters at 3 g/t Au Eq. GNDD-015's intercept, whilst ore grade, was not as substantial as the two previous holes it bridged.
- GNDD-018 was designed to extend Magnata's mineralization southwest along strike form GNDD-005, and returned 3.8 meters at 7.1 g/t Au, 78 g/t Ag, 3.6% Zn, for 11.6 g/t Au Eq., including 2.6 meters at 10.3 g/t Au, 114 g/t Ag, 4.9% Zn, for 16.7 g/t Au Eq. Strong results at GNDD-018 extended Magnata's mineralization a further 20 meters along strike and confirmed continuity.
- GNDD-020 was drilled up-dip from GNDD-015 to test the theory around fault structure between GNDD-005 and GNDD-006 creating a low-grade zone that impacted GNDD-015's intercepts. GNDD-020 returned 8.3 meters at 17.7 g/t Au, 257 g/t Ag, 0.3% Zn, for 21.1 g/t Au Eq., including 5.5 meters at 26 g/t Au, 355 g/t Ag, 0.4% Zn, extending the Magnata mineralization 40 meters northeast along strike towards GNDD-006 and supporting CEL's theory around the Magnata fault structure.

GNDD-015, GNDD-020 Cross-Section Schematic



Source: Company

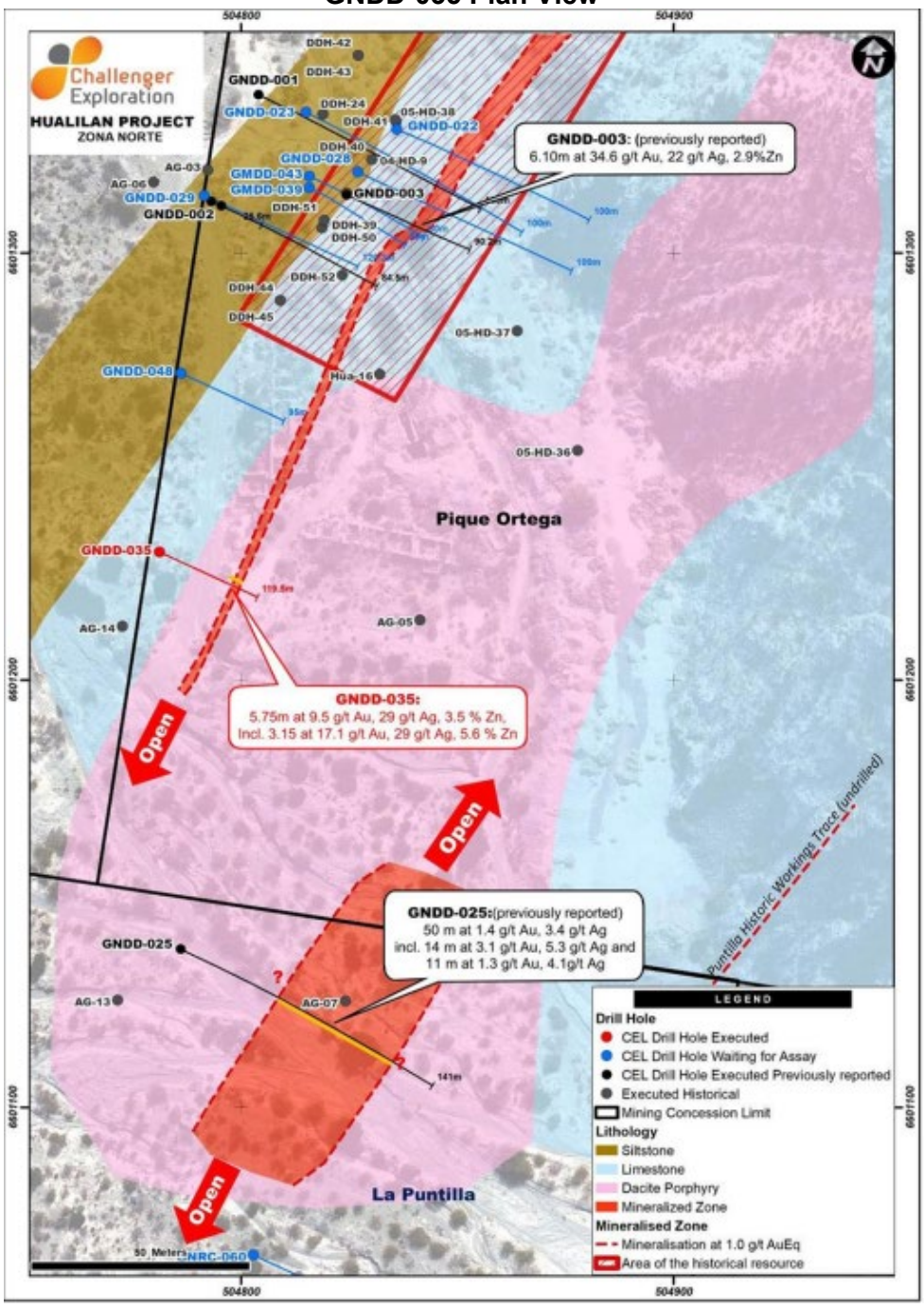
Following up on the aforementioned holes, CEL continued with holes at GNDD-017 and GNDD-024. GNDD-017 was a step-out drill hole 50 meters south along strike from GNDD-005 and returned 1.7 meters at 0.3 g/t Au, 24 g/t Ag, 2% Zn. GNDD-024 returned 6 meters 2.5 g/t Au. 19 g/t Ag, 0.2% Zn, for 3.4 g/t Au Eq., including 1 meter at 14.9 g/t Au, 107 g/t Ag, 0.5% Zn, for 16.3 g/t Au Eq., extending mineralization 40 meters down dip from GNDD-018 and confirming openness of mineralization at depth in the Magnata Vein.

Muchilera: At the Muchilera Manto, CEL provided the target zone with its maiden drill hole in GNDD-012, though it failed to intersect any significant skarn alteration suggested by previous exploration work that identified a limestone bedding-parallel mineralized zone. It did however hit 1 meter at 6.3 g/t Au, 290 g/t Ag, 0.18% Cu. 1.2% Pb, 0.12% Zn, for 10.3 g/t Au Eq., in shale encountered further up-hole. CEL had another shot at Muchilera and followed up with drill holes GNDD-030 and GNRC-037, with GNDD-030 returning 3 meters at 1 g/t Au, 53 g/t Ag, 0.1 Zn, for 1.6 g/t Au Eq. and GNRC-037 intersecting a 12 meter zone of low-grade mineralization near-surface.

Cerro Norte: CEL's objectives with drilling at Cerro Norte is largely to test and extend the high-grade main manto mineralization. To this end, CEL drilled GNDD-035 which returned 5.75 meters at 9.5g/t Au, 29 g/t Ag, 3.5% Zn, for 11.5 g/t Au Eq. from 88.75 meters (including 3.15 meters at 17.1 g/t Au, 29 g/t Ag, 5.6% Zn, for 20.1 Au Eq.), with the hole drilled about 100 meters south of GNDD-003 from the company's maiden drilling campaign. GNDD-035 is a particularly significant hole given Cerro Norte comprises almost half of the non-JORC compliant historical resource on Hualilan, and CEL's drill hole boosts the strike extent by 25%. It confirms that the mineralization at Cerro Norte is open to the south, with a key question mark around whether the

mineralization's continuity bridges the 1.2km gap between Cerro Norte and Cerro Sur. If it does, CEL may be sitting on a continuous, high-grade deposit that remains open in all directions, as Cerro Norte's mineralization remains open to the north as well the south.

GNDD-035 Plan View

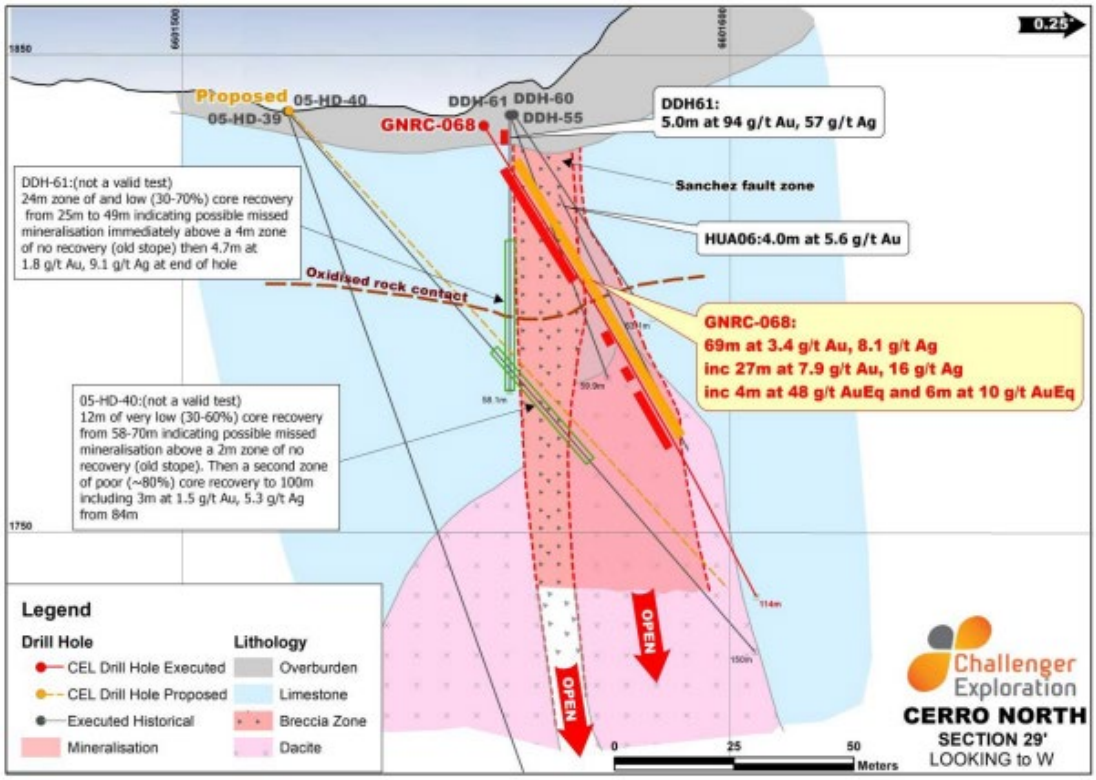


Source: Company

Sanchez: Similar to the Muchilera Manto, the Sanchez Zone has not been drilled prior to CEL's tenure. In order to test the zone's mineral potential, CEL drilled GNRC-068, which intercepted a wider than expected zone of mineralization with intercepts returning 69 meters at 3.4 g/t Au, 8.1 g/t Ag, 2.8% Zn, for 4.8 g/t Au eq. (including 27 meters at 7.9 g/t Au, 16 g/t Ag, 7%

Zn, for 11.4 g/t Au Eq., and a bonanza-grade hit returning 4 meters at 41.7 g/t Au, 54.2 g/t Ag, 12% Zn, for 48 g/t Au Eq.). More impressive is that GNRC-068's hits were all near-surface, and that it is in close proximity to the historical drill hole DDH-061, which also returned a bonanza-grade intercept of 5 meters at 94 g/t Au, 57 g/t Ag from 5 meters. Whilst DDH-061's intercept was considered to be an isolated pod of high-grade mineralization, GNRC-068 opens up the possibility of an extended high-grade mineral zone at the centre of the Sanchez Fault. The Sanchez Fault, similar to the Magnata Fault Zone at Cerro Sur, is believed to be one of the key structures controlling mineralisation at Hualilan.

GNRC-068 Cross-Section Schematic



Source: Company

With the 7,500 meter second drilling campaign at Hualilan completed, the company now awaits final results for approximately 30 of the assay results from its recent exploration work.

Upcoming Exploration Campaigns & Next Steps at Hualilan

Upon receipt of the remaining assay results and the results of its channel sampling program, we expect that CEL will use the results to advance Hualilan and its historical resource estimate to compliance with an updated resource built on the significant intercepts returned from its freshly completed drilling campaign. As of now, CEL expects that a JORC compliant resource could be completed within the first quarter of calendar 2021, assuming no additional delays in assay turn-arounds or other issues relating to assay backlog or its channel sampling program. This is a significant catalyst for

investors looking at CEL, as advancing Hualilan to the compliant resource stage catapults the company from early-stage exploration to advanced-stage exploration with a tangible mineral asset. Whilst a scoping study and accompanying resource estimate is still relatively speculative, it serves to confirm the mineral potential upon which CEL has thus far staked its bets, and puts a derivable economic value on the Hualilan Project. It also provides investors with a near-term, potentially accretive value driver that could flesh out in a timeframe measured in months.

Despite the significant short-term catalyst offered by the expected compliant resource estimate expected off the back of the earlier-discussed drilling program, CEL has additional exploration and resource expansion work in the pipeline. As announced by the company on August 11, 2020, CEL has advanced immediately from its 7,500 meter drilling program that it recently wrapped up into an aggressive 45,000 meter program that has already commenced. Based on commentary from the company, the main objective of this 2020-2021 drilling campaign is resource expansion to facilitate resource upgrades upon a compliant resource being estimated off the results from the earlier 2020 drilling campaign. To facilitate the new drilling campaign and the major uplift in drill meters, CEL intends to lease five drill rigs (all of which are already onsite) and utilize two labs to analyze assay results from drill holes. CEL are currently forecasting a drilling run-rate of 40 holes (covering approximately 6,000 meters) per month, with an estimated timeframe of up to eight months, taking the campaign from late-2020 through to mid-2021. As an aside, CEL reported to the market that the fierce competition in the Argentine contract drilling space led to a significant drop in lease rates that allowed an upsize of the planned campaign to 45,000 meters from 35,000 meters at no additional cost to CEL.

Diamond Drill Rig On-Site at Sentazon

Source: Company

With the recent completion of a $20 million equity financing, we see CEL being fully financed for the upcoming 45,000 meter drilling campaign. As a result, we expect there to be little reason why the company cannot sustain its exploration run-rate as forecasted by management. The first 10,000 meters of planned drilling is expected to target the following objectives:

- Extending the mineralization at Cerro Norte south from drill hole GNDD-035, which returned 5.8 meters at 9.5 g/t Au, 29 g/t Ag, 3.5% Zn and extended Cerro Norte 100 meters south along strike.
- Extending the new intrusion-hosted gold discovery south along strike from the drill hole GNDD-025, which returned 88 meters at 0.94 g/t Au, 2.2 g/t Ag, 0.1% Zn in dacite porphyry with the hole ending in 1 g/t gold (suggesting potential continuation of the mineralization away from the hole).
- Extending the same intrusion-hosted anomaly north from GNDD-032, which returned 116 meters at 1.1 g/t Au, 4 g/t Ag, 0.2% Zn. The extension would move north of the hole into an area with extensive surface veining and alteration in porphyry dacite in outcrop.
- Extending and infilling the mineralization at the Magnata Vein along strike.
- Extending the mineralization at Sentazon along strike and both up and down dip.

With the potential for significant intercepts and improved resource definition, we see this expansive drilling campaign as another near-term catalyst for

investors considering CEL, as it provides visibility on potential value drivers through to the middle of the next calendar year. If this program yields significant results to support the results from the earlier 7,500 meter drilling campaign, it could lead to an outsized resource compounding effect in a short time-frame. Given that mineral ounces have economic value, there is significant upside (and upside risk) in the near-term for CEL from a mineral asset development perspective. In addition, the significant resource scoping being undertaken by CEL will also help facilitate advancement to the development part of the mining cycle, as the extensive exploratory initiatives help facilitate future technical studies.

History of the Hualilan Gold Project

The history of the Hualilan Gold Project dates back as far as 1561, when intermittent production under the Spanish administration of the time started and continued until 1840, with as many as 19 excavations recorded. In 1875, an English company reopened the Hualilan Property following a closure in 1872 (due to inability to treat sulphides) and installed additional equipment to facilitate sulphide ore treatment. That operation had a processing throughput of 80 tpd. Based on white papers on the property, it is estimated that Hualilan's historical production did not exceed 150,000 tonnes. Additional infrastructure upgrades include:

- A cyanide tailings treatment plant installed in 1914 that also processed oxide material from previous operations.
- A Merrill-Crowe cyanidation circuit installed in 1955.

Modern exploration efforts at Hualilan began in 1984, when Compania Minera Aguilar S.A. ("Aguilar") carried out an exploration campaign focused on Cerro Norte. From 1984 to 1990, Lixivia S.A. ("Lixivia") treated the tailings of historical works and mined easily accessible ore from Cerro Norte. In 1990, Lixivia formed a new company to bring Cerro Norte into production and undertook exploratory works including mapping, channel sampling (over 200 samples), geophysical surveying and 16 RC drill holes covering 2,040 meters, with most of the work contracted to Aguilar. In 1993, the project was optioned from Compania Mienra El Colorado S.A. ("CMEC") to Plata Mining Ltd. ("Plata"), who in 1995 undertook an exploration campaign on Cerro Norte. Activities included surface mapping, channel sampling of trenches and underground working, 13 RC holes covering 1,193 meters and gold assays of more than 1,500 samples. An unrelated campaign in the 1990's conducted for Monarch Resources Ltd. ("Monarch") included airborne magnetic, resistivity, electromagnetic and radiometric geophysical survey covering an area of 9,000 hectares including Hualilan.

In 1998, Plata commissioned detailed exploration work including surface geological and structural mapping at 1:10,000 and 1:1,000 scales, underground mapping at 1:500 and 1:800 scales, systematic 3 meter interval rock chip sampling totaling 585 samples, and the analysis of seven bulk metallurgical samples. In 1999, CMEC assumed active management of

Hualilan and embarked on an aggressive campaign comprising induced polarization, ground magnetic and electromagnetic geophysical surveys, 19 RC holes covering 1,598 meters and metallurgical testing. In addition to the RC drilling, CMEC also completed 60 diamond drill holes between 1999 and 2000 that covered an aggregate of 4,907 meters. Between 2003 and 2005, La Mancha Resources Inc. ("La Mancha") drilled a further 47 diamond drill holes that covered 7,477 meters, and used its drill results to form the basis for Hualilan's 2003 and 2006 resource estimates covered earlier. The historical drill campaigns on Hualilan prior to CEL's ownership are summarized below:

Summary of Historical Drilling Work at Hualilan

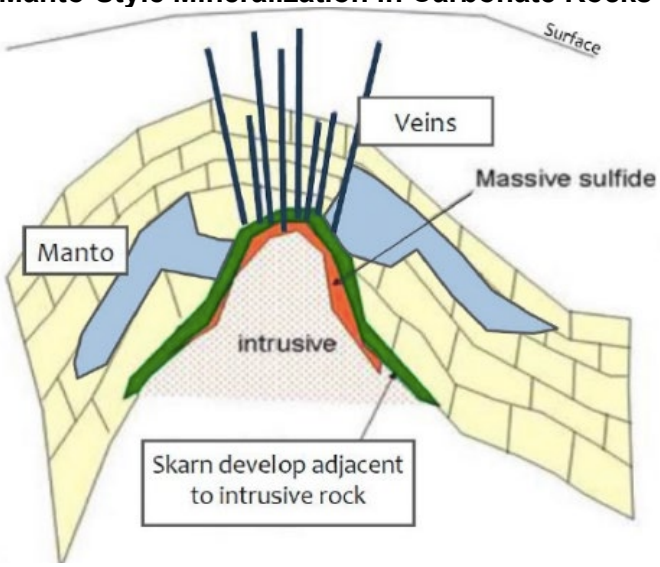
Company	Drill Type	Number of Holes	Aggregate Meters	Date
Aguilar	Reverse Circulation	16	2,041	1984
Plata	Reverse Circulation	13	1,193	1995
CMEC	Reverse Circulation	19	1,598	1999
CMEC	Diamond Drill	60	4,907	1999 / 2000
La Mancha	Diamond Drill	47	7,477	2003 / 2005

Source: Company, Couloir Capital

Geology & Mineralization

From a regional standpoint, Hualilan is located within the Central Pre-Cordillera, to the east of the main Cordillera and the Andes Mountains. The area is a fold and thrust belt incorporating shallow marine and terrestrial sedimentary rocks of a lower Palaeozoic back-arc basin with minor volcanic and intrusive rocks. It is flanked to the north, west and south by diverse mineral deposits varying from large tonnage copper and/or gold porphyries, skarn, manto and Carlin-style replacement deposits and epithermal deposits, as well vein and breccia-hosted deposits. Based on an independent report by SRK Consulting on CEL's properties, it is believed that much of Hualilan's mineral potential is likely to lie in the skarn and manto deposits. Manto deposits are typically developed as hydrothermal replacement of carbonate-rich, limestone, sandstone, and shale units and as such are typically formed parallel to stratigraphy. The deposit style typically exhibits elevated copper, lead, zinc, gold, silver, molybdenum, bismuth and antimony levels. A district or particular mine may contain a single manto deposit or a series of deposits that align along structural features such as fractures, joints, fold limbs or bedding that controlled fluid movement during mineralization.

Manto-Style Mineralization in Carbonate Rocks



Source: Inca Minerals Ltd.

Hualilan is divided in the Cerro Norte and Cerro Sur areas, which are in turn separated by a topographic low that may represent an east-northeast-striking fault zone. The low extends for approximately 400 meters along strike and separates the Cerro Norte area from Cerro Sur. The currently defined mineralization at Hualilan is hosted in the San Juan Limestone, which is overlain by the Tucunuco Formation. The formation is a conglomerate, sandstone and shale sequence. Most of the prospective mineralization at Hualilan is contained in four mining areas, which comprise the Magnata, Muchilera and Sentazon zones (which occur in Cerro Sur), and the Manto Principal (which occurs in Cerro Norte). Mineralization occurs in all rock types but it preferentially replaces limestone and fault zones. The observed geological setting that feature signficiant mineralization include:

- Steeply dipping, fault-hosted quartz veins striking east-northeast.
- Bedding-parrallel manto replacement deposits striking north and dipping at between 30 and 70 degrees to the west.
- Quartz veins striking north near intrusion-limestone contacts.

The veins outlined above typically have a thickness of between one and four meters and usually contain sulphides. Mineral compounds found at Hualilan include quartz, actinolite, magnetite, pyrite, pyrrhotite, chalcopyrite, sphalerite and galena.

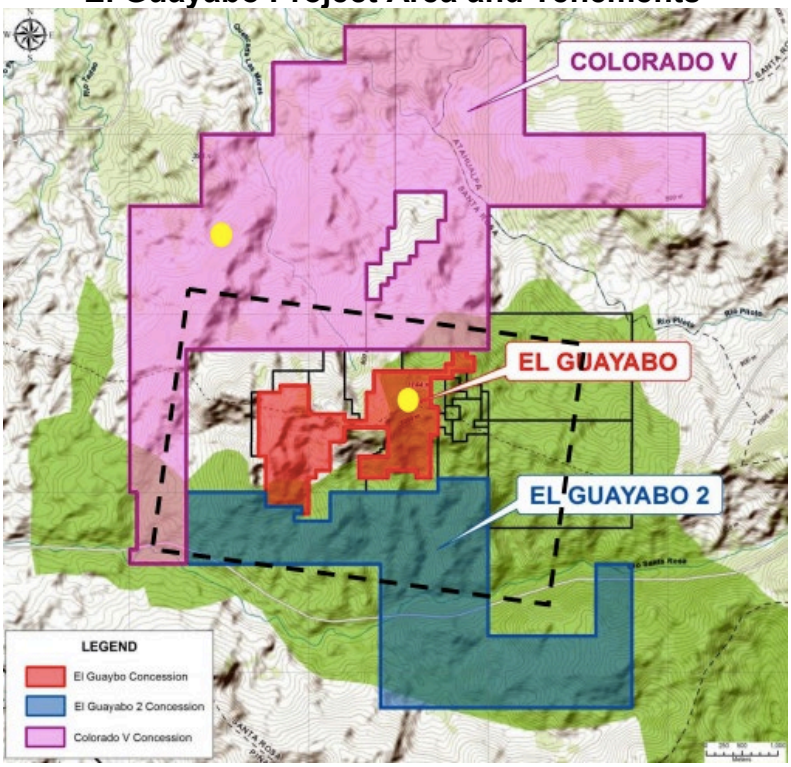
Partially Oxidized Massive Sulphide with Quartz from Sentazon Mine, Cerro Sur

Source: Company

The El Guayabo Project

Located in the El Oro province of Southern Ecuador, the El Guayabo Copper-Gold Project sits on the prolific Andean Copper Belt, which hosts a number of top tier copper and gold deposits. The project area is comprised of three contiguous tenements totaling 3,550 hectares, El Guayabo (281 hectares), El Guayabo 2 (938 hectares) and Colorado V (2,331 hectares). The concession area has seen extensive historical exploration work pre-dating CEL's tenure, including work by majors like Newmont Corp. (NYSE: NEM).

El Guayabo Project Area and Tenements



Source: Company

CEL currently holds a 19.9% stake in the El Guayabo tenement and has farm-in agreements for all three tenements comprising the consolidated El Guayabo project. As of September 2020, the following table outlines the key milestones that allow CEL to build its ownership to 100% in the El Guayabo Tenement, which it is expected to do so in the near-term.

El Guayabo Project Earn-In Milestones

Project Interest	Cumulative Interest	Project Milestones
19.9%	19.9%	Existing interest in the project
20%	100%	18m CEL shares payable at the sole discretion of the Board of CEL. Shares to be issued no later than 5 July 2021.

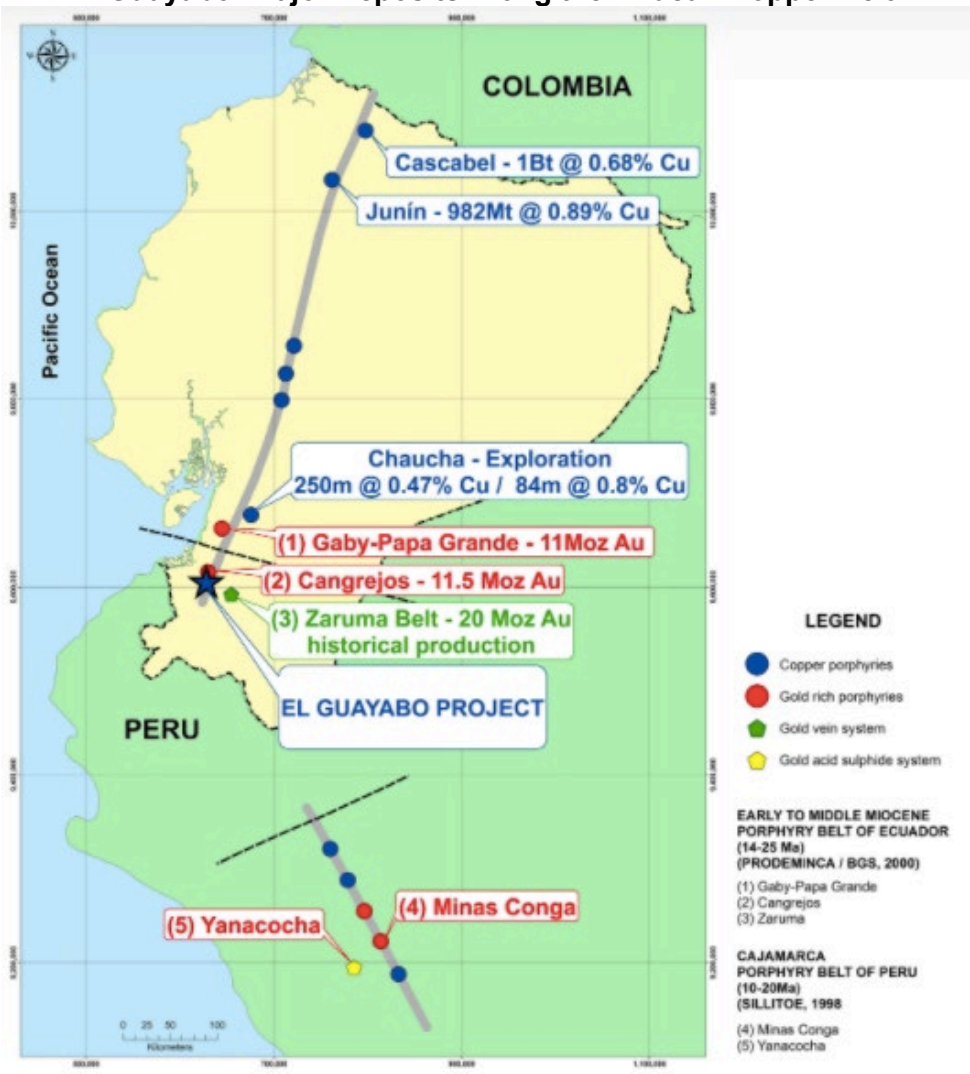
Source: Company

El Guayabo 2 carries a farm-in that allows for a milestone-conditional build up to 100% ownership, and the Colorado V Tenement farm-in allows for CEL to earn up to 50% ownership in any major mineral deposit discoveries it makes.

A key feature of the El Guayabo Project (especially the Colorado V Tenement) is its proximity (less than ten kilometers) to the large-scale Cangrejos deposit to the northeast owned by Lumina Gold Corp. (TSXV: LUM), as well as similarities with regard to property geological characteristics. The Cangrejos deposit is a major exploration asset (Preliminary Economic Assessment stage) with an NI 43-101 compliant resource, including measured and indicated resources of 10.40 million ounces of gold (grading 0.57 g/t Au)

and inferred resources of 6.60 million ounces of gold (grading 0.41 g/t Au). The gold-copper porphyry-style mineralization at Cangrejos is associated with a sequence of intercalated porphyritic dioritic intrusions and hydrothermal breccias, and the intrusions are identical in age and composition to the mineralization thus far identified at El Guayabo. In addition to its proximity to Cangrejos, El Guayabo is also near-40km along strike from the historical Gaby Gold Project, which hosted an NI 43-101 resource estimate including measured and indicated resources of 6.24 million ounces of gold (grading 0.63 g/t Au) and inferred resources of 2.57 million ounces of gold (grading 0.65 g/t Au).

El Guayabo: Major Deposits Along the Andean Copper Belt



Source: Company

In terms of accessibility, the El Guayabo Project is located approximately 55 km south of the provincial capital of Machala (population of approximately 0.25 million), to which it is connected by sealed road. Machala is a port city and has a major deep-water port in Puerto Bolivar, which could facilitate future concentrate export and equipment import for CEL. The closest population centre is the regional farming centre of Santa Rosa, which is approximately 20km away from El Guayabo. Between both Machala and

Santa Rosa, we expect that CEL is capable of sourcing most of its future manpower and capital good requirements without major constraints. In addition to the road infrastructure connecting El Guayabo to Machala and its port, there is an international airport at Santa Rosa that services daily flights to the national capital of Quito.

In terms of climate and geography, the property area is situated within a region that exhibits a tropical climate, suggesting wet and humid summers and relatively cooler and dryer winters. Annual average precipitation is approximately 1,400mm, with the rainy season commonly falling in December-April. Despite heavy rains in peak-wet season that are capable of disrupting on-road travel, mineral exploration work can typically be done year-round. The local topography is generally steep and level ground is found only where excavated and on hilltops. El Guayabo's elevation ranged between 580 meters and 1,160 meters above sea level. The local vegetation is defined by tropical rainforest, though there are exceptions where the area has been cleared for crops.

The El Guayabo Project: Exploration Work & Resource Profile

On the El Guayabo Tenement, the company has focused on assessing the assay results from the historical drill core, and has carried out re-assaying on approximately 1,000 meters of a total 7,600 meters oh historical drill core from the El Guayabo Tenement. The focus of the re-assaying program was on establishing a better vector on major historical porphyry targets and generally validating historical assay data. Sections re-assayed were constrained to subsections within larger historical intercept and included the following:

- 62 meters at 5.2 g/t Au, 21.3 g/t Ag, 0.25% Cu from 40 meters.
- 57 meters at 1.2 g/t Au, 3.4 g/t Ag, 0.18% Cu from 114 meters.
- 156 meters at 2.6 g/t Au, 9.7 g/t Ag, 0.16% Cu from 76 meters.
- 42.7 meters at 2.1 g/t Au, 2.8 g/t Ag, 0.05% Cu from 112 meters.
- 65 meters at 1.4 g/t Au, 2.8 g/t Ag, and 0.06% Cu from 89 meters.

Based on CEL's disclosures, the re-assays were within 3% of the historical results for gold intercepts, 7% for silver intercepts and averaged 22% lower on the copper intercepts. On the range of discrepancies, CEL suggested issues pertaining to missing sections of the historical drill core as the likely reason. However, re-assaying for historical holes GY-02 and JDH-013 presented interesting results upon further analysis. GY-02 (which historically returned 156 meters at 2.6 g/t Au, 9.7 g/t Ag, 0.16% Cu from 76 meters) was re-assayed, and CEL's revised return of 62 meters at 5.2 g/t Au, 21.3 g/t Ag, 0.25% Cu over the 40 to 102 meters interval was a significant improvement over the historical assay over the same interval (4.8 g/t Au, 2.8 g/t Ag, 0.05% Cu). At JDH-013, CEL retested the drill core from the 112 meter interval (originally returned 2 g/t Au, 3.7 g/t Ag, 0.08% Cu) and saw a better result returning 42.7 meters at 2.1 g/t Au, 2.8 g/t Ag, 0.05% Cu. Apart from demonstrating the potential for improved mineral intercepts on ground already explored by previous owners (suggesting that previous results may be

understated and there could be additional upside yet to be revisited), the high-grade mineralization at the two re-assayed holes shows similar arsenic-antimony mineralization as seen with a re-assayed hole on the Colorado V Tenement. Given that the two holes run a direct line 4km southeast of the Colorado V hole (ZK0-2) and a structure believed to be controlling its mineralization, there is potential for a spatial relationship between the two zones that CEL is considering exploring with future exploration.

Whilst work on the El Guayabo Tenement has been significant, the bulk of CEL's work on El Guayabo and the focus of its interest is actually centered on the Colorado V Tenement, which CEL acquired farm-in rights to in January 2020. The reason for the focus on this particular tenement is due to the fact that of the three tenements at El Guayabo, it most closely resembles the geology at the multi-million ounce Cangrejos Project to the north. Similar to its work at El Guayabo, CEL has been focused on re-assaying of historical drill core, with the drill core being sourced from CEL's farm-in partner at the Colorado V Tenement. The historical drill core is fairly extensive, with 56 drill hotels covering 21,472 meters available for re-assaying. As CEL points out, the majority of these historical drill holes were not logged or assayed for bulk tonnage gold or base metal mineralization, and were concentrated on a fairly constrained 500 meter northwest-southeast trend. To this end, the company re-logged and re-sampled the first historical drill-core assays on the Colorado V Tenement during 2020, which are shown below:

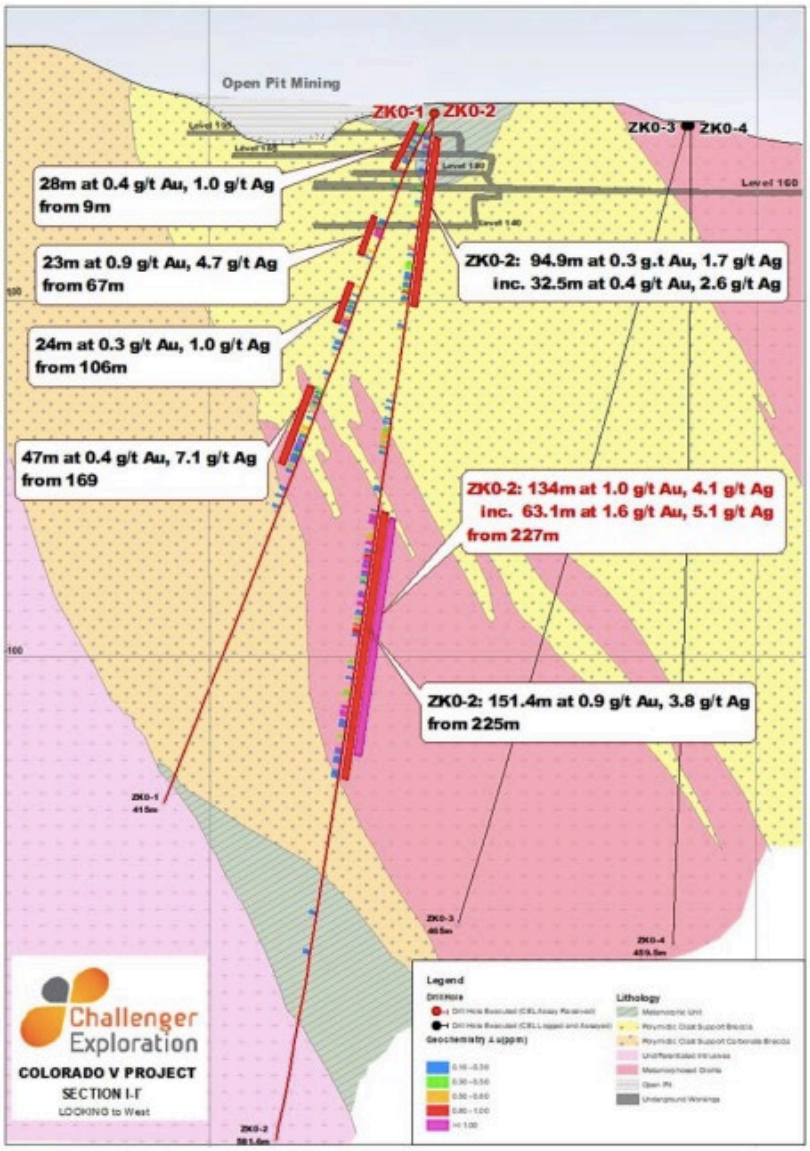
Colorado V Re-Assay Results

Drill hole (#)		From (m)	To (m)	Total (m)	Gold (g/t)	Silver (g/t)
ZK0-1	from	9.4	37.5	**28.1m**	**0.4**	**1.0**
	and	66.5	89.5	**23.0m**	**0.9**	**4.7**
	and	105.7	129.7	**24.0m**	**0.3**	**1.0**
	and	167.5	214.0	**46.5m**	**0.4**	**7.1**
ZK1-3	from	46.0	103.7	**57.7m**	**0.5**	**1.9**
	(incl)	*56.0*	*85.7*	***29.7m***	***0.8***	***3.1***
	from	127.0	163.0	**36.0m**	**0.5**	**3.5**
	and	290.5	421.0	**130.5m**	**0.5**	**3.1**
	(incl)	*302.5*	*380.5*	***78.0m***	***0.7***	***3.5***
ZK1-5	from	211.4	355.0	**145.6m**	**1.5**	**1.7**
	(incl)	*253.0*	*340.0*	***87.0***	***2.1***	***1.9***
ZK0-2	from	13.3	108.2	**94.9m**	0.3	1.7
	(incl)	75.7	108.2	**32.5m**	0.4	2.6
	and	172.7	193.1	**20.4m**	0.3	2.1
	and	224.6	376.0	**151.4m**	**0.9**	**3.8**
	(incl)	227.1	361.1	**134.0m**	**1.0**	**4.1**
	(incl)	227.4	290.5	**63.1m**	**1.6**	**5.1**

Source: Company

Drill hole ZK0-2, which is located on the northern end of a 500-meter northwest-southeast trend, was found to have encountered over 250 meters of significant gold mineralization at depth in three zones (including two of these intercepts which equaled or exceeded 1 g/t Au). Both ZK0-2 and nearby hole ZK0-1 (which also had a significant gold intercept of 23 meters at 0.9 g/t Au, 14.7 g/t Ag) are shown in the cross section below.

ZK0-2 and ZK0-1 Cross Sections



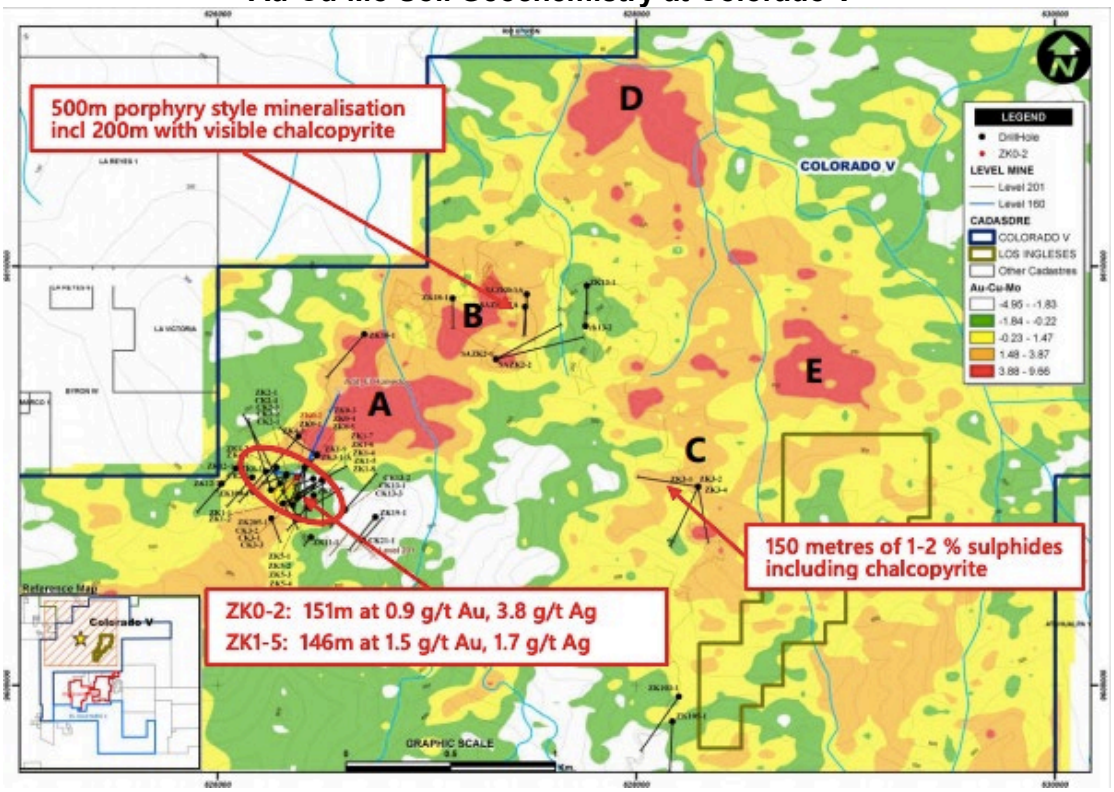
Source: Company

Drill hole ZK1-5 returned significantly higher grade intercepts than ZK0-2 and ZK0-1, with intercepts at depth that returned gold grades in excess of 1 g/t Au (including 87 meters at 2.1 g/t Au, 1.9 g/t Ag). ZK1-5 is located 80 meters along strike from ZK0-2 and was drilled across the mineralization, and along with ZK1-3, is believed to have been drilled on the margins of the identified mineralized domain. The ZK series of holes (including those that have yet to be re-assayed) were drilled in a section that has a strong antimony occurrence, which in turn shows a strong correlation with intrusion-related gold (as per the four drill holes that were re-assayed by CEL). However,

based on soil geochemistry work done by the company, the 500-meter long mineralization zone appears to exhibit little geochemical expression.

The below figure shows the gold-copper-molybdenum in soil mineralization at Colorado V. 5 key anomalies, each covering about 100 hectares with limited historic drilling, have been identified. Looking at Anomaly B, a historic drill hole (SAK0-1A) on the anomaly's flank encountered over 200 meters of porphyry-style mineralization with 1-2% sulphides (pyrite and chalcopyrite) in diorite with potassic alteration within a broader 500-meter mineralization zone. Given the company's interest in gold-copper porphyry mineralization and the potential for such mineralization to indicate large-tonnage gold-copper deposits, CEL has indicated a desire to focus on drill holes in the vicinity to Anomalies A, B and C.

Au-Cu-Mo Soil Geochemistry at Colorado V



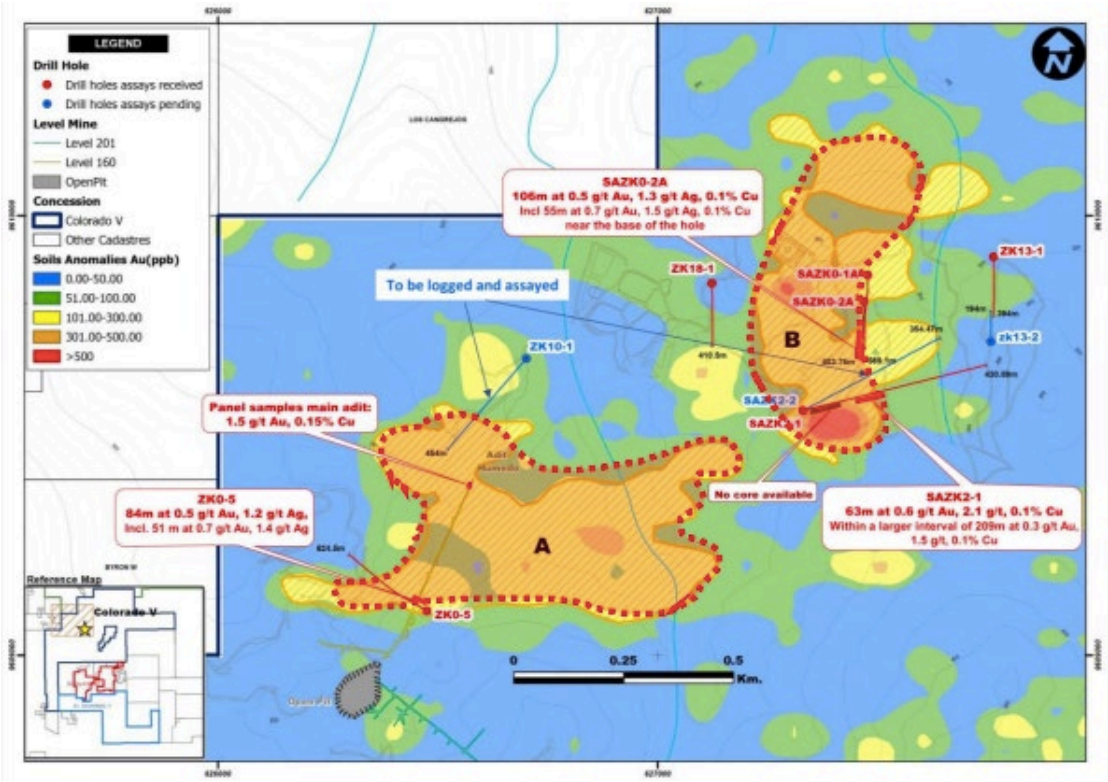
Source: Company

Subsequent to the aforementioned re-assaying on the first four drill holes submissions to CEL from its farm-in partner, CEL reported additional re-assay results that further reinforced its belief regarding the similarity of Colorado V's geology to that of the nearby Cangrejos Deposit. At Anomaly A, drill ZK0-5 (drilled across the south-eastern margin of the anomaly) returned 84 meters at 0.5 g/t Au, 1.2 g/t Ag, including 51 meters at 0.7 g/t Au, 1.4 g/t Ag. Anomaly A is only tested by drill holes ZK0-5 and ZK10-1 as well as historical panel sampling in the main adit (Averaged 1.5 g/t Au, 0.15% Cu), despite being a kilometer long. In addition to this, at Anomaly B, drill hole SAZK2-1 returned 63 meters at 0.6 g/t Au, 2.1 g/t Ag, 0.1% Cu and SAK0-2 returned 55 meters at 0.7 g/t Au, 1.5 g/t Ag, 0.1% Cu. Similar to Anomaly A, Anomaly B is only

tested by a few historical drill holes (all near the edge of the Anomalies) which all hit significant mineralized intercepts.

Given that most of the historical drill holes were either drilled off of the anomalies or on the edges, CEL believes that the anomalies have yet to be tested to a valid degree. Given that the holes on edges returned significant intercepts, this further fuels the belief that there is a greenfield mineralization within the anomaly areas that could indicate the existence of a major deposit, especially given that the historical drill holes that hit mineralization are in line with Cangrejos.

Historical Drill Holes Around Anomalies A and B



Source: Company

CEL believes that Anomalies A and B together present a significant exploration target and have estimated that the two anomalies could present an aggregate deposit ranging between 442 million and 468 million tones, with average grades between 0.5 and 1 g/t Au, 1.5 and 2 g/t Ag, plus copper by-products. Assuming the inputs the company has put forward, this would indicate a target zone containing 7.11 million ounces of gold and 21.32 million ounces of silver on the low end and 15.04 million ounces of gold and 33.01 million ounces of silver on the high end. If the reality comes anywhere close to the company's model, El Guayabo presents a blockbuster find and will echo the scale and geology of the Cangrejos Deposit. However, we note that the both scale and grade put forward by CEL is conceptual and a great deal more exploration work is required to verify the exploration target's assumptions as well as develop El Guayabo to a concrete resource estimate.

Modeling the Exploration Target Comprising Anomalies A and B

- Surface area defined by a 100 ppb gold soil anomaly which coincides with a 0.1 g/t gold cut-off in drill hole assays and the panel sampling in the adit
- Depth extent of 400 metres assumed based on a reasonable depth extent for surface mining operation of a large steeply plunging low grade Au-Ag-Cu deposit. Current intersections in holes assayed by the Company which demonstrate mineralisation persist with depth, and is open below 400 metres sub-surface
- Density estimates of 2,600 – 2,750 kg/m^3 are based on typical expected values for diorite, schist and diorite-schist breccia intersected in the drilling, in the adit, and observed on surface. The assumed density is not supported by sample density measurements.
- Gold, Silver and Copper grade estimates are based on drill intersections that coincide with the volume defined by the gold in soil anomaly to a depth of 400m below surface. A grade range of 0.5 to 1.0 g/t gold and 1.5 to 2.5 g/t silver has been used in the Exploration Target estimate.
- The proportion above cut-off (0.2 g/t gold) is an estimate based on the variability of grade from drilling and adit panel sampling. A range of 70-90% has been used.

Exploration Target Anomaly A	**High estimate**	**Low estimate**
Tonnage (Mt)	**275**	**260**
Gold Grade (g/t)	1.0	0.5
Silver Grade (g/t)	2.5	1.5
% tonnage above cut-off	90%	70%
Exploration Target Anomaly B	**High estimate**	**Low estimate**
Tonnage (Mt)	**193**	**182**
Gold Grade (g/t)	1.0	0.5
Silver Grade (g/t)	2.5	1.5
% tonnage above cut-off	90%	70%
Totals	**High estimate**	**Low estimate**
Tonnage (Mt)	**468**	**442**
Gold Grade (g/t)	**1.0**	**0.5**
Silver Grade (g/t)	**2.5**	**1.5**

Source: Company

Upcoming Exploration Campaigns & Next Steps at El Guayabo

Whilst the Hualilan Project is expected to generate a number of significant near-term catalysts through its upcoming 45,000 meter drilling campaign and expectations of a JORC-compliant resource estimate in the opening months of 2021, we expect El Guayabo to have less forward exploration work planned. As a result, we believe El Guayabo and related work might pose less of a near-term catalyst for CEL relative to Hualilan. However, we believe there is ample upside potential on the asset given the forward, near-term initiatives that CEL has announced.

Subsequent to year-end, CEL announced its intention to complete a geophysics campaign in Q4-2020 aimed at covering 50km^2 via a helicopter-aided magnetic survey over the August-September period. The company intends to use the survey results to better define structural controls on the property and map the intrusions and alterations to better define potential porphyry targets. In addition to the geophysics campaign that we believe will shortly be wrapped up, CEL has also commenced an infill and extension soil sampling program on the Colorado V Tenement. Results from this soil sampling will be integrated with data from CEL's work on the El Guayabo Tenement, and will further consolidate understanding around the property's soil anomalies. In addition to this, there is an expectation that the company

will continue to re-assay historical drill cores from holes in the vicinity of soil anomalies A through C.

The aforementioned initiatives and the expected results are likely to act as a trigger point for decision-making around the next step at El Guayabo, which is likely to include a potential drilling program to further explore the project's mineralization. As results start to come in from CEL's work in the tail-end of 2020, we expect the existing model to be developed further, allowing for refinement of the identified mineralized zones and the selection of potential drill targets. Based on CEL's commentary, the current low in Ecuadorian drilling rates provides an ample opportunity for the company to lock in drilling meterage at bargain prices. This is a significant potential value driver for investors as strong drill intercepts provide some of the most material catalysts for early-stage mineral explorers, as they can provide pointers on the mineral profile of a deposit and therefore its prospect as a future mine asset. In our opinion, access to a greater number of drill holes presents a higher absolute number of chances to "strike gold", and at the very least improves one's understanding of a mineralized property.

History of the El Guayabo Project

The history of El Guayabo can largely be outlined via discussion of previous exploration campaigns carried out by Odin Mining Exploration Ltd. ("Odin"), Newmont and Kinross. The majority of previous work was done by Odin and Newmont through a JV between 1992 and 1994. As part of the JV, the two parties competed geological mapping and soil and rock chip sampling that led to the identification of significant copper and gold enrichment across the El Guayabo concession. In the same 1992-1994 period, the Odin-Newmont JV also completed a 33-diamond drill hole campaign covering 7,605 meters, with drill collars outlined below.

Pre-CEL Drilling on El Guayabo

Hole ID	East (m)	North (m)	Elevation (m ASL)	Direction (° Grid North)	Dip (°)	Depth (m)	Company	Core Stored
JDH01	627,186	9,606,463	933	280	-60	236.89	Newmont	No
JDH02	627,260	9,606,353	922	280	-45	257.62	Newmont	No
JDH03	627,192	9,606,200	953	280	-45	260.97	Newmont	No
JDH04	627,430	9,606,324	934	280	-45	219.00	Newmont	No
JDH05*	627,756	9,606,249	1,066	280	-45	210.37	Newmont	No
JDH06	628,356	9,606,416	912	150	-45	302.74	Newmont	Yes
JDH07	628,356	9,606,416	912	150	-75	105.79	Newmont	Yes
JDH08	628,356	9,606,416	912	150	-60	352.74	Newmont	Yes
JDH09	628,507	9,606,408	990	150	-45	256.70	Newmont	Yes
JDH10*	628,898	9,606,814	986	270	-45	221.64	Newmont	Yes
JDH11	628,879	9,606,674	1,082	270	-45	217.99	Newmont	Yes
JDH12	629,685	9,606,765	993	150	-60	124.08	Newmont	Yes
JDH13	629,123	9,606,058	1,021	125	-60	239.33	Newmont	Yes
JDH14	628,897	9,605,563	853	090	-45	239.32	Newmont	Yes
DDHGY01	628,928	9,605,517	839	360	-90	249.20	Odin	Yes
DDHGY02	629,171	9,606,026	983	360	-90	272.90	Odin	Yes
DDHGY03	629,042	9,606,313	1,063	305	-60	295.94	Odin	Yes
DDHGY04	629,172	9,606,025	983	125	-60	172.21	Odin	Yes
DDHGY05	628,509	9,606,405	990	145	-60	258.27	Odin	Yes
DDHGY06	629,171	9,606,026	983	305	-60	101.94	Odin	Yes
DDHGY07	629,171	9,606,026	983	305	-75	127.00	Odin	Yes
DDHGY08	628,509	9,606,406	990	145	-75	312.32	Odin	Yes
DDHGY09	629,171	9,606,026	983	045	-75	166.25	Odin	Yes
DDHGY10	629,171	9,606,025	983	225	-75	194.47	Odin	Yes
DDHGY11	628,508	9,606,405	990	160	-60	241.57	Odin	Yes
DDHGY12	629,087	9,606,036	997	125	-60	255.70	Odin	Yes
DDHGY13	629,242	9,605,975	997	320	-65	340.86	Odin	Yes
DDHGY14	629,242	9,605,976	997	320	-75	309.14	Odin	Yes
DDHGY15	629,195	9,605,912	977	320	-60	251.07	Odin	Yes
DDHGY16	629,286	9,606,044	1,037	320	-60	195.73	Odin	Yes
DDHGY17	629,122	9,606,059	1,021	125	-82	280.04	Odin	Yes
DDHGY18	628,993	9,606,035	977	140	-60	160.35	Odin	Yes
DDHGY19	629,087	9,606,035	997	045	-53	175.41	Odin	Yes
					Total	**7,605.55**		

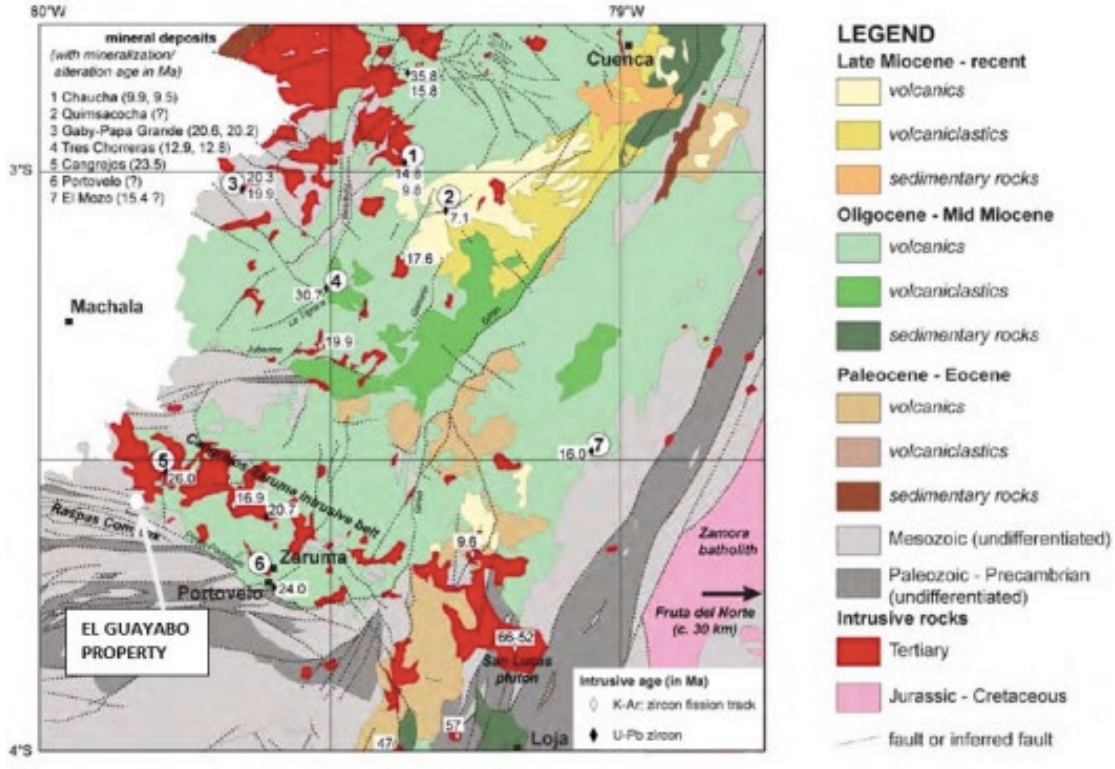
Source: Company

Post-1994 historical exploration work included an airborne magnetic geophysical survey conducted by Newmont in the year 2000, and campaigns run by an Odin-Kinross JV between 2006 and 2009 that included geological mapping and soil and rock chip sampling. The results of Odin-Kinross JV have yet to be compiled and re-analyzed.

Geology & Mineralization

El Guayabo is located at the western end of the Cangrejos Zaruma intermediate alkaline intrusive belt, which is controlled by a northwest-striking fault zone. The profile of the intrusions suggests a long-lived intrusive complex that is similar for much of western South America including Chile, Peru and Bolivia. The intrusions in the belt are commonly overprinted by late porphyry dykes and intrusion breccia.

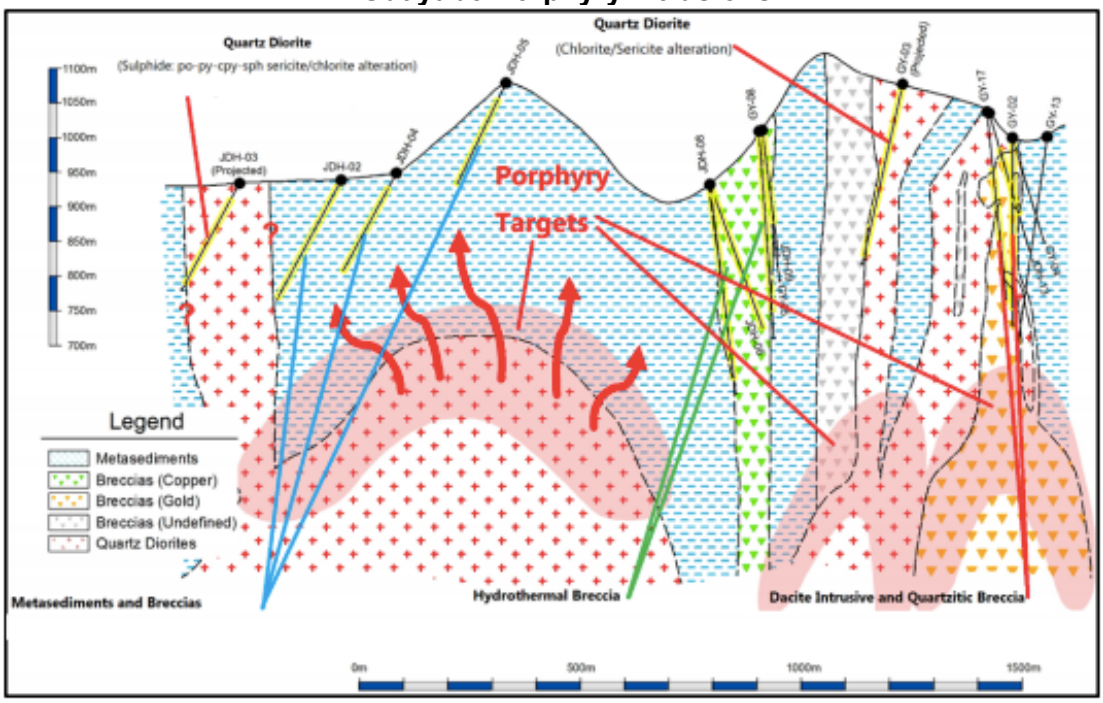
Cangrejos Zaruma Regional Geology



Source: Company

El Guayabo is considered prospective for porphyry-related copper-gold-solver mineralization in association with matrix to intrusive breccia, vein systems that overprint intrusive-related breccia and porphyry intrusions, fault breccia and fault-hosted veins. Porphyry copper-gold deposits are generally of low metal tenor but can form large-tonnage bulk deposits and potentially result in high-value mineralized systems. Higher-grade mineralization is commonly associated with repeated emplacement of porphyritic intrusions. Gold-rich porphyry and breccia-hosted deposits commonly form in association with highly alkaline intrusions (i.e. high potassium and sodium content) at shallower crustal levels that copper-rich porphyry deposits, leading to the potential for anomalous copper-gold mineralization potential at El Guayabo.

El Guayabo Porphyry Intrusions



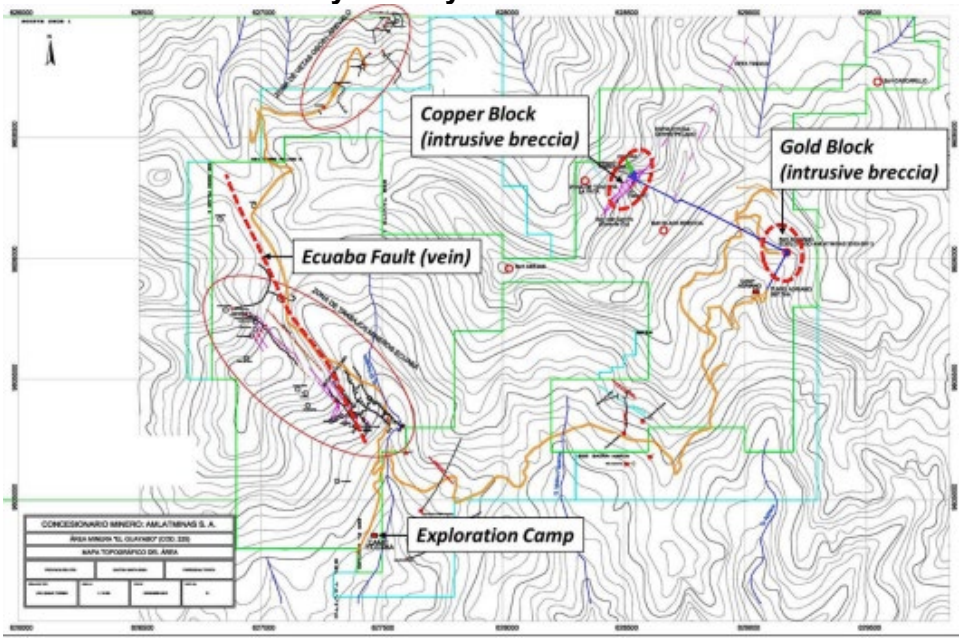
Source: Company

At El Guayabo the metamorphic rocks predominantly comprise schist with a moderately to steeply dipping foliation, and these rocks are the dominant rock type on the concession (though are generally poorly exposed). The key rock types of interest identified at El Guayabo includes felsic intrusive bodies such as quartz diorite and dacite, and intrusive-related, matrix-supported breccia, some of which contain quartz and tourmaline. There may be up to 20 intrusive breccias on the El Guayabo Property. At El Guayabo, copper-gold occurrences appear in the following geological settings:

- Steeply plunging composite intrusive breccias.
- Quartz veins and veinlets, including fault-controlled veins.
- Association with disseminated pyrite and pyrrhotite in the intrusions and in the metamorphic host rock near the intrusions.

The map below outlines key mineralized location identified to date on the El Guayabo Property.

El Guayabo Key Mineralized Areas

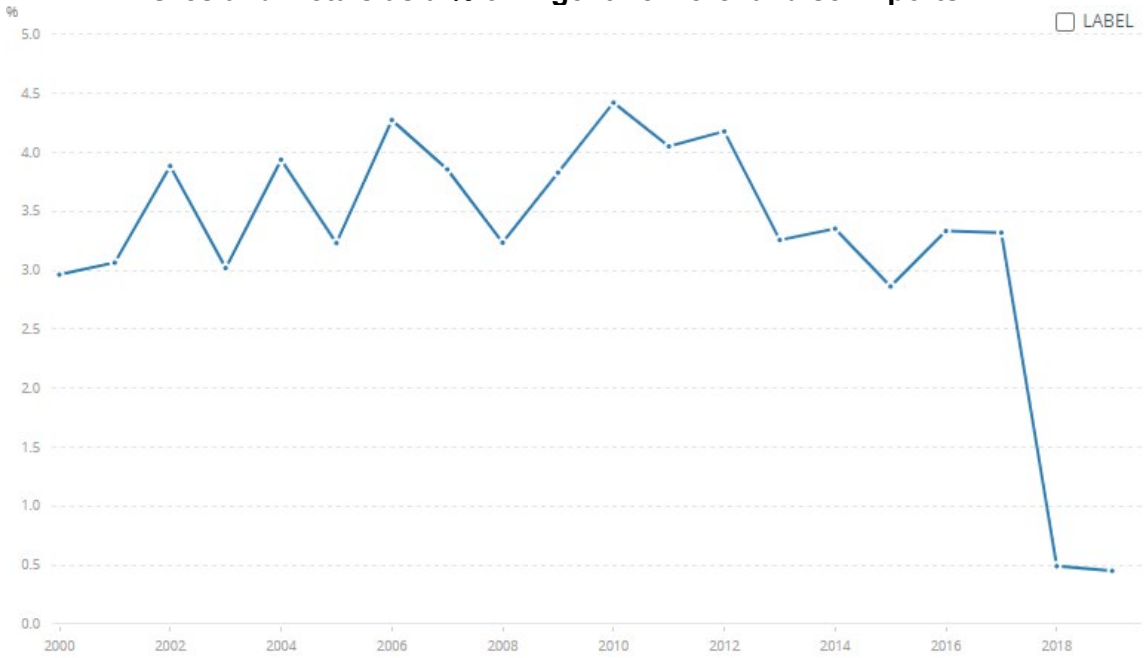


Source: Company

Industry Outlook - Argentina

With a population of 44.94 million, a 2019 GDP of $449.66 billion and a 2019 GDP per capita of US$10,006, Argentina ranks around the middle of the pack globally for GDP per capita, according to the World Bank. In 2019, Argentina had merchandise exports of $65.12 billion, with 0.45% of these exports being ores and metals, according to the World Bank. The major drop in ores and metals exports from Argentina was likely due to the impact of Trump tariffs imposed in 2018 on steel and aluminum from both Brazil and Argentina. The graph below outlines the contribution of mining products to merchandise exports and imports between 2000 and 2019 (note that the Y axis is measured in percentage terms):

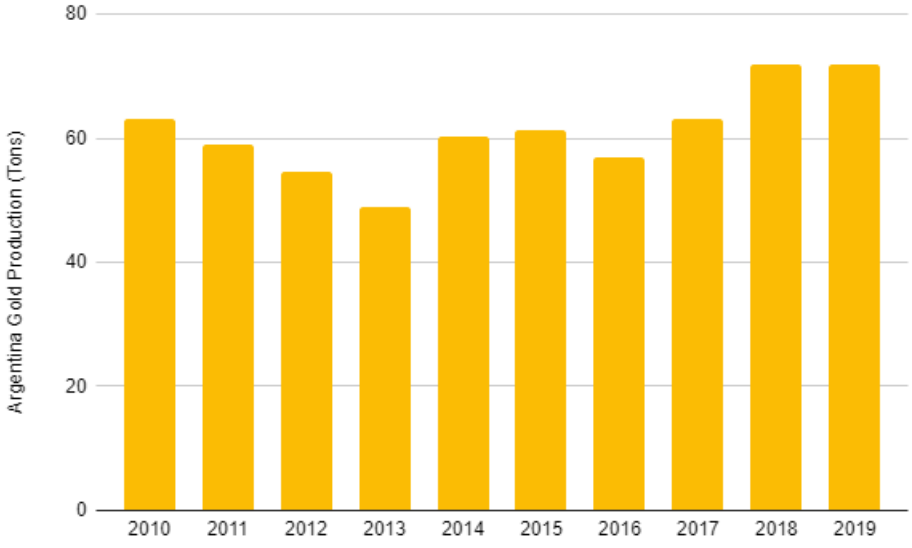
Ores and Metals as a % of Argentine Merchandise Exports



Source: World Bank

Despite not being a globally top-ranked gold producer, Argentina does produce significant amounts of gold. Argentina's historical gold production in metric tons is presented in the charts below. Based on the U.S. Geological Survey ("USGS") data underpinning our charts, Argentine gold production has grown at a CAGR of 1.48% between 2010 and 2019.

Argentine Historical Gold Production Data

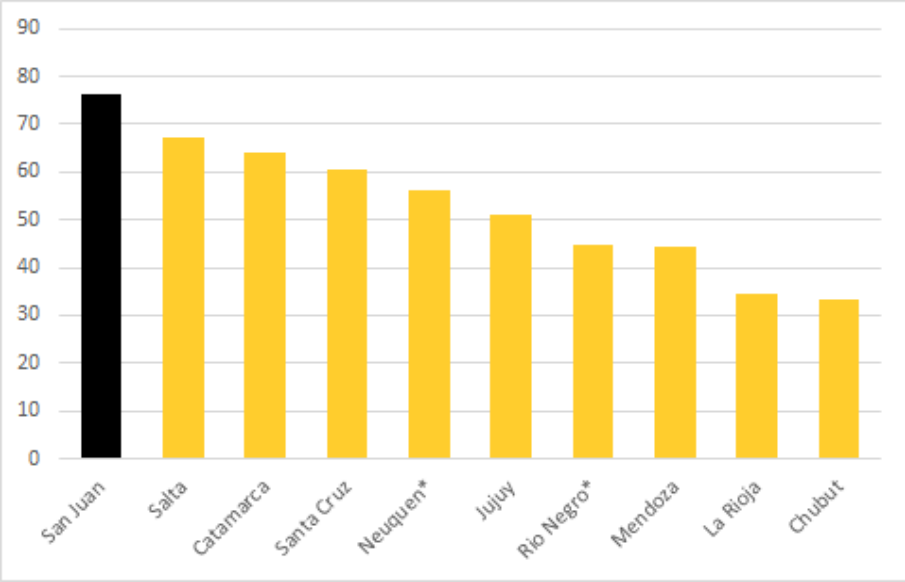


Source: USGS, CEIC Data, Couloir Capital

The province of San Juan in Argentina has consistently been recognized as one of the country's most attractive mining jurisdictions from a project investment perspective. In more recent times, the province has fared well from a global perspective as a recipient of mining investment. The below chart demonstrates that in the Fraser Institute's most recent annual mining survey,

San Juan ranked 21st out of 76 surveyed mining jurisdictions for the institute's 2019 investment attractiveness index, and ranked as the top province within Argentina specifically. This is a major uplift in perceived investment attractiveness of the San Juan province given it has historically ranked in the bottom half or middle ground for global mining jurisdictions surveyed as part of the Fraser Institute's annual survey. The major improvement in perceived investment attractiveness of San Juan appears to have stemmed from a major diminishing of investor uncertainty across major policy areas, including socioeconomic agreements, community development conditions, environmental regulations and taxation.

Ranking of Argentine Mining Jurisdictions by Investment Attractiveness



Source: Fraser Institute, Couloir Capital

Despite its natural resource abundance, Argentina is considered a fairly unexplored jurisdiction, with about 70% of its potential considered unexplored. Historically, uncertainty around the country's mining policies and a generally unfavourable macro environment in the country (such as double digit policy and corporate nationalization) has discouraged a consistent mining investment framework and associated capital flows. However, this has not deterred foreign miners from amassing significant investments in mineral assets within the jurisdiction. As shown below, there are a number of major gold-bearing assets in Argentina, with the bulk being concentrated in the provinces of San Juan and Santa Cruz.

Major Argentine Gold Deposits

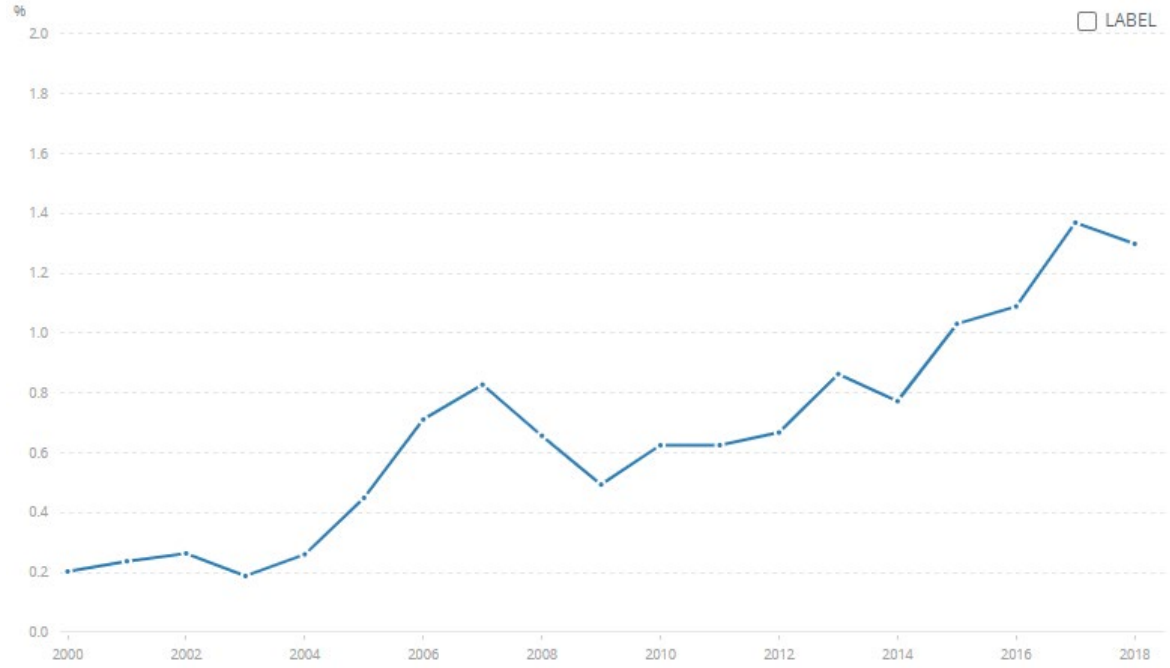
Mine	Owner	Province	2P Reserves	M&I Resources	Inferred Resources	Net Resource	2019 Gold Production
Cerro Moro	Yamana Gold Inc.	Santa Cruz	529,000	177,000	273,000	313,500	120,802
Cerro Vanguardia	AngloGold Ashanti Limited.	Santa Cruz	770,000	2,400,000	500,000	2,650,000	225,000
Veladero	Barrick Gold Corp.	San Juan	2,800,000	4,000,000	420,000	4,210,000	274,000
Alumbrera (Copper)	Glencore PLC	Catamarca	6,559,000	896,000	2,444,000	2,118,000	
San Jose (Silver)	Hochschild Mining PLC	Santa Cruz	123,000	318,100	163,600	399,900	105,480
Los Azules	McEwen Mining Inc.	San Juan		1,700,000	3,800,000	3,600,000	
Cerro Negro	Newmont Corp.	Santa Cruz	2,600,000	2,120,000	150,000	2,195,000	334,000
Gualcamayo	*Minerva S.A.*	*San Juan*	*491,000*	*2,280,000*		*2,280,000*	
Casposo	*Austral Gold Limited.*	*San Juan*	*79,000*	*136,000*	*176,000*	*224,000*	

**The Gualcamayo Mine was acquired by Mineros S.A. and more recent mine statistics are not available, shown data is from a 2017 press release of a previous owner. Casposo has been under care and maintenance since Q2-2019.*
Source: Public Disclosures, Couloir Capital

Industry Outlook - Ecuador

With a population of 17.37 million, a 2019 GDP of $107.44 billion and a 2019 GDP per capita of US$6,183, Ecuador ranks in the bottom half globally for GDP per capita, according to the World Bank. In 2018, Ecuador had merchandise exports of $21.63 billion, with 1.30% of these exports being ores and metals, according to the World Bank. As shown in the graph below, Ecuador has seen a steady uptick in mineral export contribution since the turn of the millennium. The graph below outlines the contribution of mining products to merchandise exports and imports between 2000 and 2018 (note that the Y axis is measured in percentage terms):

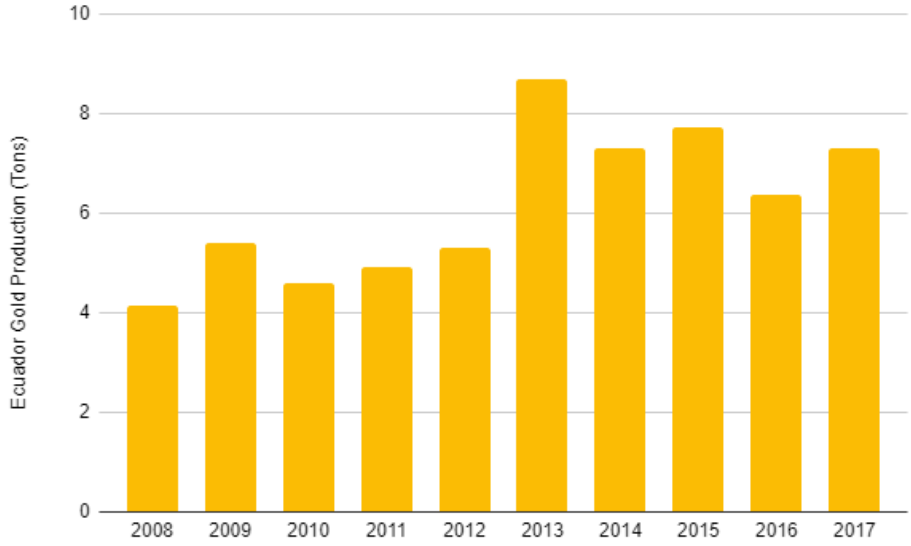
Ores and Metals as a % of Ecuadorian Merchandise Exports



Source: World Bank

Despite not being a globally top-ranked gold producer, Ecuador does produce significant amounts of gold. Ecuador's historical gold production in metric tons is presented in the charts below, though note that recent data post-2017 is not available. Based on the U.S. Geological Survey ("USGS") and CEIC data underpinning our charts, Ecuadorian gold production grew at a CAGR of 6.57% between 2008 and 2017. Based on the historical CAGR, it would appear Ecuador's gold output is growing at a faster rate than Argentina's, though admittedly it is orders of magnitude lower.

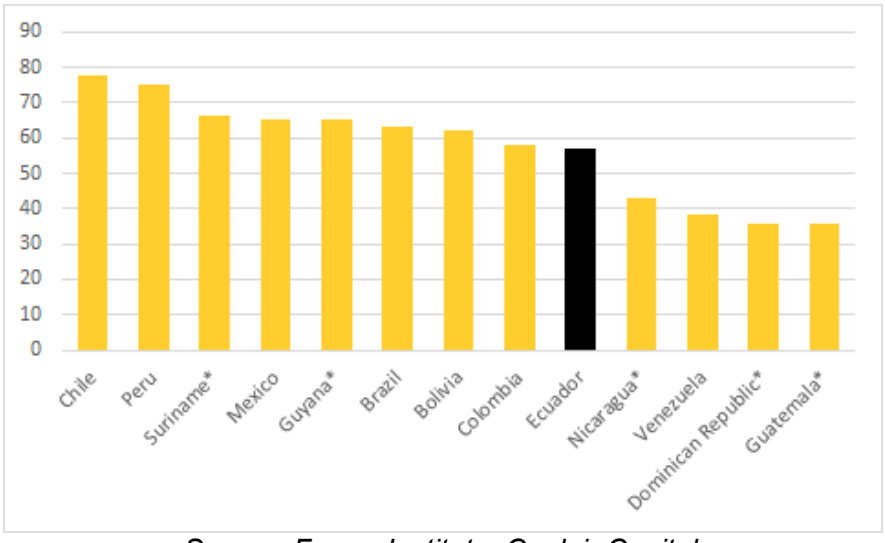
Ecuadorian Historical Gold Production Data



Source: USGS, CEIC Data, Couloir Capital

Ecuador has consistently ranked poorly from a project investment perspective. In the Fraser Institute's most recent annual mining survey, Ecuador ranked 57th out of 76 surveyed mining jurisdictions for the institute's 2019 investment attractiveness index, and ranked 9th out of 13 Latin American jurisdictions included in the Fraser Institute survey. The country's placing in the mining survey represents a deterioration relative to 2018 but is largely on trend with the historical perception of Ecuador from an investment attractiveness perspective, given Ecuador has consistently ranked in the bottom half of global mining jurisdictions. A large part of negative perceptions around Ecuador as a mining jurisdiction stems from policy uncertainty, with one anonymous senior manager interviewed in the Fraser Institute's survey stating that the "constant rewriting of mining regulations" created significant uncertainty for Ecuadorian mining investors.

Latin American (Ex-Argentina) Mining Jurisdictions by Investment Attractiveness



Source: Fraser Institute, Couloir Capital

In terms of major producing mines, Ecuador has only one major gold production asset in the Fruta de Norte mine, owned and operated by Lundin Gold Inc. (TSX: LUG). Located in Southeastern Ecuador, the Fruta del Norte Mine hit first pour in November 2019 and entered commercial production in February 2020. As a result, major gold production (as controlled by foreign entities) has only restarted recently. Despite its fairly small production footprint, Ecuador features large-scale, multi-million ounce gold deposits at differing levels of development. As a result of recent finds, there is an expectation that Ecuador may be on the cusp of entering a mining boom, as mining companies flock to the jurisdiction in search of large-scale gold deposits to rival those found in recent years. The table below outlines major gold deposits in the country.

Major Ecuadorian Gold Deposits

Mine	Owner	Stage	2P Reserves	M&I Resources	Inferred Resources	Net Resource	Gold Production Runrate
Fruta de Norte	Lundin Gold Inc.	Production	4,816,000	7,350,000	2,130,000	8,415,000	325,000
Cangrejos	Lumina Gold Corp.	PEA		10,400,000	6,600,000	13,700,000	366,000
Alpala	SolGold PLC	Resource		19,400,000	3,800,000	21,300,000	
Condor	Luminex Resources Corp.	Resource		1,600,000	3,600,000	3,400,000	
Gaby Gold	*International Minerals Corp.*	*Resource*		*6,240,000*	*2,370,000*	*7,525,000*	

**The Gaby Gold Prospect is a historical deposit, and post-acquisition of IMZ by Hochschild Mining PLC (LSE: HOC), we are unclear on the ultimate project ownership.*

Source: Public Disclosures, Couloir Capital

Management Overview

Management and insiders own a total of 10.84% of outstanding shares. We see insider shareholding as a positive indicator, as it implies that management and the board are likely to be aligned with investors in their interests and motivations. Generally speaking, insider share ownership above 10% is seen as relatively high. The table below outlines insider shareholding:

Management Shareholding

Name	Position	Shares	% of Total
Kris Knauer	CEO & Managing Director	42,195,332	6.50%
Scott Funston	CFO & Director	4,804,167	0.74%
Fletcher Quinn	Chairman	23,328,637	3.60%
			10.84%

Source: Company, Couloir Capital

The biographies of key management individuals (as provided by the company) are outlined below.

Kris Knauer – CEO & Managing Director

Kris 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 Resources (ASX: CGG) becoming the Managing Director for the first 18 months. Citadel completed a DFS on the Jabal Sayid copper project in Saudi Arabia prior to being taken over for $1 billion.

Scott Funston – CFO & Director
Scott is a qualified Chartered Accountant and Company Secretary with nearly twenty years' experience in the mining industry and accounting profession. His expertise is financial management, regulatory compliance and corporate advice. Scott possesses a strong knowledge of the Australian Securities Exchange requirements and has previously assisted a number of ASX listed resources companies as CFO and Company Secretary operating in Australia, South America, Asia, Africa, USA. Most recently he was CFO and Company Secretary of Avanco Resources, a Brazilian focused copper and gold producer, that was acquired by Oz Minerals Limited.

Fletcher Quinn – Chairman (Non-Executive)
Fletcher has over 35 years' experience in venture capital, corporate finance and investment banking including extensive experience with both listed and unlisted companies, including public company development, management and governance. Fletcher was the foundation chairman for ASX entities Citadel Resources and Sirocco Resources.

Financials Overview

At the end of FY2020, the company had cash and working capital of 3.80 million and $2.78 million, respectively. The company's current ratio of 3.35x demonstrates the ability of current assets to sufficiently cover current liabilities, implying a solid liquidity position at the end of June. Monthly cash burn (negative free cash flow) for the year ended June 30, 2020 was $0.55 million, up from the comparative period in 2019. This is due to the increase in the company's exploration activity and related-expenditures YoY. Given the cash to monthly cash burn coverage is high, especially post-financing, we do not anticipate any financing events in the short-term to cover operational cash bleed. The company holds no debt at this point in time. The following table summarizes the company's liquidity position:

Key Financial Data (FYE - June 30) (A$)		2019		2020
Cash	$	5,043,935	$	3,801,292
Working Capital	$	3,935,896	$	2,778,224
Current Ratio		4.29		3.35
Debt	$	467,780	$	-
Monthly Cash Burn	$	(264,828)	$	(549,034)
Cash from Financing Activities	$	8,221,875	$	5,330,844

Source: Company, Couloir Capital

The following table outlines the company's outstanding options and performance-based securities:

Options	Strike	Exercise Value		Performance Shares
86,644,444	$ 0.04	$ 3,465,778	**Class A:**	60,000,000
			Class B:	60,000,000
				Performance Rights
			Class A:	8,000,000
			Class B:	8,000,000
				Incentive Performance Rights
				5,250,000

Source: Company, Couloir Capital

The company currently has 86.64 million options (weighted average exercise price of $0.04 per share). At this time, all of CEL's options are in-the-money. Should the options be exercised, CEL will be able to raise $3.47 million. In addition to the unlisted options, the company has 120 million performance shares, 16 million performance rights and 5.25 million incentive performance rights against new common shares on issue. The performance shares are condition-based securities that are converted pro-rata to common voting shares of the company upon the achievement of certain milestones. The milestones for both classes of CEL's performance shares are provided below.

CEL Performance Shares 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.

Source: Company

In addition to the information above, as of July 31, 2020 CEL has a cash balance of approximately $21.50 million, which is due to a recent equity financing (23 July, 2020) in which CEL raised $20 million through the issue of 100 million common shares at $0.20 per share. The company recorded approximate costs on the transaction of $1.30 million. The net $21.50 million cash balance reported by management is likely enough to cover near-term exploration activities, in our opinion, though continued strength in the company's stock price may incentivize the company to undertake further equity financings to consolidate shareholders at higher equity prices.

Revenue and EPS Forecasts

At current, CEL is in the exploration stage and is many years away from commercial production. As a result, we will not be providing near-term revenue and EPS forecasts.

Net Asset Valuation Model

As the company has yet to achieve the Preliminary Economic Assessment milestone, which provides the initial projections around potential production scheduling and forecasted cost structure, we will be unable to provide valuation based on a NAV model.

Comparables Valuation

As our sole viable valuation method, we consider CEL's relative valuation against other gold mining companies that we believe to be comparable. The following table outlines the relative valuation metrics of gold miners that are comparable to CEL based on exploration stage, asset profile, or a similar aspect. Whilst using concession area is a crude metric by which to provide relative valuation, and is the least accurate relative metric by which to compare the mineral assets of a peer group selection (compared to using net resource, 2P reserves or forward production or cash flow guidance), it does provide an initial benchmark valuation. As the company continues to publish results from planned drilling campaigns and approaches a maiden resource, we will move to rollback our reliance on relative valuation based on concession area and instead rely on more concrete mineral asset characteristics.

In addition to valuing the company on the basis of hectares, we believe that CEL's ability to build up to ownership of a high-grade asset should also be reflected in its valuation. As a result, we have adjusted the relative valuation such that the EV/ hectare also takes into account the strong gold grade on Hualilan (As per its historical resource).

Company	Location	Stage	Concession Size (Ha)	Net Au eq. Oz	Enteprise Value (A$)	EV/ Hectare ($/Ha)	EV/ Net Resource ($/Oz)
Challenger Exploration Ltd.	Argentina & Ecuador	Exploration	6,150		$ 120,218,126	$ 19,547.66	
AbraPlata Resource Corp.	Argentina & Chile	Exploration	134,169	746,500	$ 132,146,813	$ 984.93	$ 177.02
Patagonia Gold Corp.	Argentina	Production	277,102	2,201,500	$ 88,273,965	$ 318.56	$ 40.10
Turmalina Metals Corp.	Argentina & Peru	Exploration	3,400		$ 72,629,265	$ 21,361.55	
E2 Metals Ltd.	Argentina	Exploration	89,300		$ 26,611,545	$ 298.00	
Lumina Gold Corp.	Ecuador	Development	6,374	13,700,000	$ 289,107,076	$ 45,357.24	$ 21.10
SolGold PLC	Ecuador	Exploration	111,900	21,300,000	$ 1,313,627,127	$ 11,739.30	$ 61.67
Luminex Resources Corp.	Ecuador	Exploration	10,101	3,400,000	$ 66,104,083	$ 6,544.31	$ 19.44
Average						**$ 13,268.94**	**$ 63.87**

Source: Couloir Capital, Public Disclosures

Based on the above metrics and our aforementioned adjustments, we believe that CEL should be trading at a valuation of $181.91 million or $0.28 per share on an EV/ hectare basis, implying that the company is trading at a discount to fair value. Note that we have come to the valuations by converting the implied EV to equity via the addition of cash and removal of debt.

Conclusion

After accounting for our valuation methodologies, we have arrived at fair value per share estimate of $0.28 per share. We are initiating coverage on CEL with a BUY rating, and expect the following catalysts to materially impact our valuation estimate:

- News regarding drilling results from CEL's 45,000-meter drilling campaign at Hualilan.
- News regarding results from exploration work on the El Guayabo Project, with results due in Q4-2020 being of near-term importance.
- Financing-related news that in any way significantly alters the company's capital structure.
- Any Covid-19 related events that constrain operations.

Risks

The following outlines some of the key risk considerations that investors should keep in mind when evaluating CEL as an investment opportunity:

- **Poor Drilling and Exploration Results at Hualilan:** Results from historical exploration work and more recent work done by CEL has thus far yielded positive results pointing to promising mineralization at the Hualilan Property. As CEL ventures into additional drilling work aimed at improving its understanding of the Hualilan Property and its resource profile, poor results may imply a deterioration of the property's mineral potential, making it less valuable as an exploration asset.
- **Poor Exploration Results at El Guayabo:** Results from historical exploration work and more recent re-assaying work done by CEL has thus far yielded positive results pointing to promising mineralization at the El Guayabo Property. However, if results from geophysical surveys, soil-sampling and ongoing re-assaying work expected in Q4-2020 do not yield favourable results facilitating future drilling, the growth trajectory from El Guayabo will be limited.
- **Uncertainty Around Permitting:** As mentioned, Ecuador has performed poorly in terms of investment attractiveness as a mining jurisdiction due to uncertainties around the mining regulatory framework. This can lead to material impacts on the company's exploration campaigns in the form of permitting delays, budget overruns due to unexpected costs on permitting or permitting-related matters, or full on execution risk due to withholding permits or rejecting necessary permit applications. Thus far, it has not been a major issue, however.
- **Market Price Exposure and Impact on Execution Risk:** Sunk capital is relatively low at the exploration stage relative to further along the development cycle. However, on the flipside, CEL's exploration and development activities will be particularly sensitive to market pricing

during the exploration stage given its likely reliance on markets for future funding needs.

- **Early Stage Explorer:** CEL's Property portfolio lacks any JORC compliant resource estimation, putting it on the higher end of the risk spectrum for resource projects. It also means there is minimal basis for intrinsic valuation, meaning investors are exposing themselves to outsized risk and value loss if any of the above risk factors should materialize.
- **Capital Structure Deterioration Related to Ongoing Cash Burn:** There is the potential that the company's cash burn could sap liquidity to the point of the company needing to raise capital. Assuming no cash flows, there is a chance that CEL would do so via equity issuance. Depending on the price of the issuance, such issuance could be dilutive to existing shareholders. Though the recent closing of a $20 million issuance mitigates this risk, liquidity may be an issue in the future depending on various factors.

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