

## Stock Commentary

### Subject: Challenger Exploration Limited

### Hualilan Continues to Please with Strike Extensional Drilling Delivering Yet Another Impressive Intercept of 67.7m grading 7.3gpt Gold

### Intersection, *Plugging a Previously Undrilled Gap* Importantly Now Confirms Verde to be a Continuous 1.5km Zone Of Mineralisation

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### Maiden Resource Release ETA for Hualilan Now Expected Mid-Late March 2022

#### Background

Challenger Exploration Limited (ASX:CEL) announced on 15th February 2022 the latest batch of drilling results from the Company's 100% owned Hualilan Gold Project located in Argentina.

Results include:

- **67.7m grading 7.7gpt AuEq** (7.3gpt Au, 5.7gpt Ag, 0.6% Zn) from 300.4m including 32.1m grading 15.9gpt AuEq (15.2gpt Au, 10.9gpt Ag, 1.2% Zn) from 335.9m (GNDD-458);
- **51.0m grading 1.5gpt AuEq** (0.9gpt Au, 15.2gpt Ag, 0.9% Zn) from 141.0m including 4.6m grading 14.3gpt AuEq (8.3gpt Au, 162.7gpt Ag, 9.0% Zn) from 187.4m (GNDD-376);
- **37.8m grading 1.0gpt AuEq** (0.9gpt Au, 2.0gpt Ag, 0.2% Zn) from 94.0m including 9.0m grading 3.2 gpt AuEq (2.9gpt Au, 4.9 g/t Ag, 0.5% Zn) from 106.0 (GNDD-439);

Four of the nine rigs drilling at Hualilan currently remain drilling on the Verde Zone

#### Key Takeaway Points

- 1) We are delighted with this announcement, with the intercept of **67.7m grading 7.7gpt AuEq** (7.3gpt Au, 5.7gpt Ag, 0.6% Zn) from 300.4m including 32.1m grading 15.2 gpt Au, 10.9gpt Ag & 1.2% Zn) being the obvious highlight, not just because it was an absolute standout intercept but also the fact it was drilled in the last remaining undrilled gap within the Verde Zone and as such now allows the Company to confirm and report that the Verde Zone mineralisation (That still remains open at depth and along strike and even up dip in places) is currently known to extend continuously for at least 1.5km.
- 2) From discussion with management, they now recognise that this intercept is at the intersection of a shallow and steep zone of mineralisation like the intercept of 63.3m grading 9.8gpt AuEq in GNDD-378 they achieved at Sentazon. Armed with this understanding they are now accurately targeting the up dip and down dip stacked lode mineralisation with better precision.
- 3) Still on the topic of precision, we also note the Company has reported in this announcement 97% of the drill holes (65 of 67) in this round intersected mineralisation with 74% getting better than 10gpt gram x metres. This is an impressive hit rate and it highlights to us the understanding Kris Knauer and his skilled team have on the Hualilan mineralisation and its controls.
- 4) Not necessarily obvious in this announcement but from discussion with management, are the higher grades CEL are seeing now as they drill deeper. Mining at Verde will have an open cut component exploiting mineralisation highlighted in holes such as 25.0m grading 1.6gpt AuEq from 66.0m, 74.0m grading 0.4 gpt AuEq from 15.0m and 53.0m at 0.4gpt AuEq from 14.0m but will transition to underground

which requires higher grades which we are now seeing such as: 4.6m grading 14.3gpt AuEq incl. 2.6m grading 24.2gpt AuEq, 26.6m grading 2.2gpt AuEq incl. 4.2m grading 12.7gpt AuEq, 4.8m grading 8.8gpt AuEq and 0.7m grading 58.6gpt AuEq.

- 5) Finally, on the subject of Hualilan, we take this opportunity to update readers that we anticipate the Company release of its maiden resource estimate for Hualilan in Argentina will be mid-late March 2022. This is roughly a month later than CEL originally planned due to delays in receiving assay results from laboratories which we acknowledge has been beyond the control of the Company. **The reader of this commentary is strongly encouraged to view our current valuation estimates and recommendations on CEL in our research paper dated 16<sup>th</sup> November 2021 prior to that resource release.**

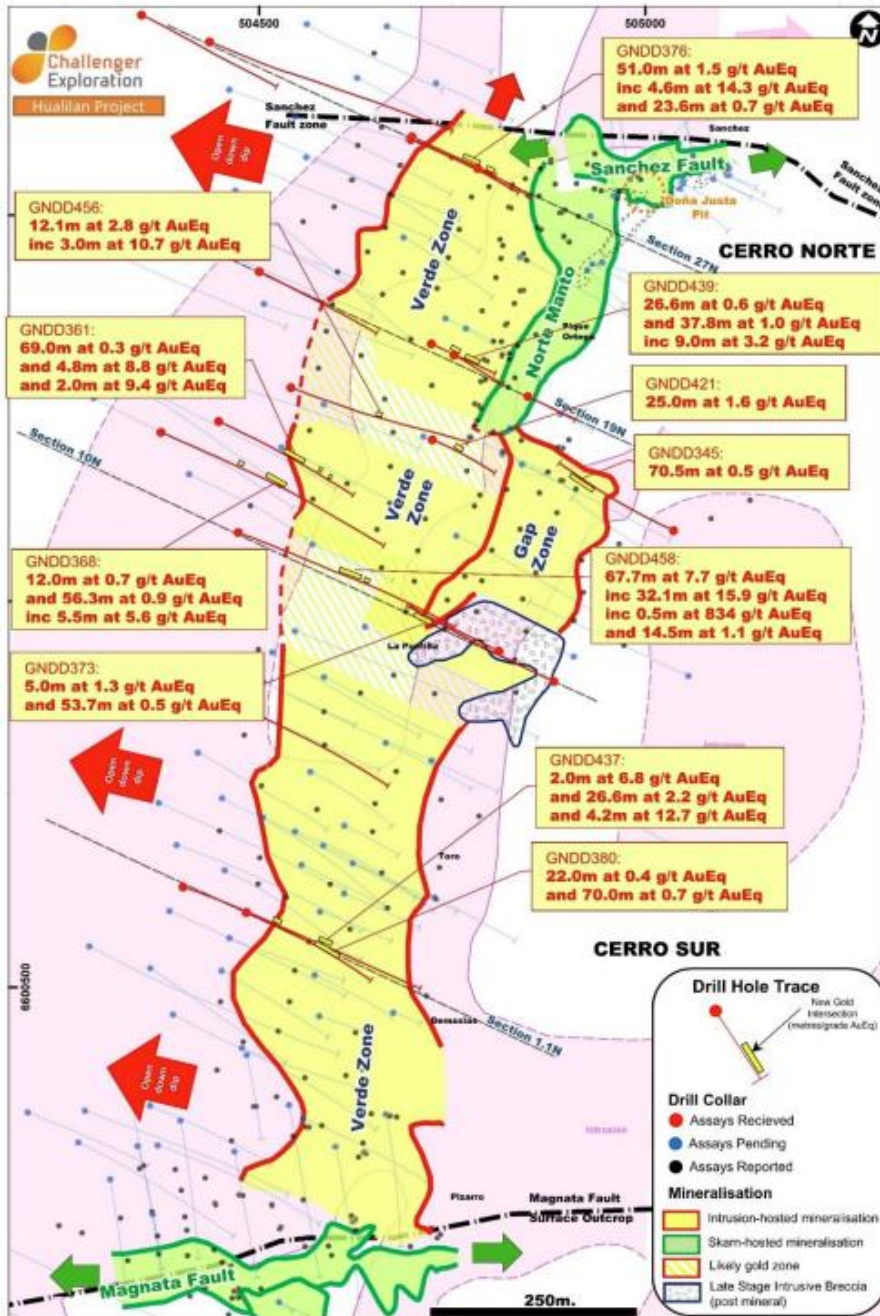


Figure 1 - Plan view showing Verde Zone Mineralisation (currently reported holes in red)

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

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