

# CHALLENGER GOLD LIMITED

(Formerly Challenger Exploration Limited)

ABN 45 123 591 382

Interim Consolidated Financial Report  
for the half-year ended  
30 June 2023

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# Challenger Gold Limited

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## CORPORATE DIRECTORY

### Directors

Mr Fletcher Quinn (Non-Executive Chairman)

Mr Kris Knauer (Managing Director)

Mr Sergio Rotondo (Executive Director)

Mr Pini Althaus (Non-Executive Director)

Mr Brett Hackett (Non-Executive Director)

### Company Secretary

Mr Scott Funston

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### Securities Exchange

The Company's securities are quoted on the official list of the Australian Securities Exchange Limited, the home branch being Perth.

ASX Code: CEL

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## DIRECTORS' REPORT

The Directors of Challenger Gold Limited (formerly Challenger Exploration Limited) ("CEL" or the "Company") submit the Interim Consolidated Financial Report of the Group for the half-year ended 30 June 2023. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

### Directors

The names of Directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Fletcher Quinn	Non-Executive Chairman
Kris Knauer	Managing Director
Sergio Rotondo	Executive Director
Pini Althaus	Non-Executive Director (appointed 8 February 2023)
Brett Hackett	Non-Executive Director (appointed 4 May 2023)
Scott Funston	Executive Director (resigned 4 May 2023)

### Results of Operations

The profit after tax for the half-year ended 30 June 2023 was \$34,460,650 (half-year ended 31 December 2022: \$24,684,970). Significant items contributing to the 6-month period include the following: gain on convertible debenture of \$4,457,275, gain on net monetary position of \$27,739,835, gain on blue chip swaps of \$3,845,853 and finance expenses of \$2,009,447.

### HIGHLIGHTS

- **Corporate**
  - **Key board and management appointments**
  - **The Company entered into an agreement to acquire land covering the Hualilan Gold Project**
- **Hualilan Gold Project, Argentina**
  - **Upgraded Mineral Resource Estimate (MRE) increased to 2.8 million ounces (AuEq)<sup>1</sup> at CEL's flagship Hualilan Gold Project**
  - **Majority of the MRE now in Indicated Category (1.9 Moz AuEq<sup>1</sup>)**
  - **MOU signed with YPF Luz for the supply of electricity from renewable generation to power Hualilan Gold Mine**
- **El Guayabo Gold Copper Project**
  - **Initial Inferred MRE of 270 Mt at 0.52 g/t AuEq<sup>1</sup> for 4.5 million ounces (AuEq)<sup>1</sup>**
  - **The 4.5 Moz<sup>1</sup> MRE contains a significant higher-grade core of mineralisation:**
    - **1.45 Moz at 1.0 g/t AuEq<sup>1</sup> (0.65 g/t AuEq cut-off) including;**
      - **1.01 Moz at 1.2 g/t AuEq<sup>1</sup> (0.8 g/t AuEq cut-off) including;**
        - **0.63 Moz at 1.5 g/t AuEq<sup>1</sup> (1.0 g/t AuEq cut-off)**

### CORPORATE

During the half-year, the Company announced a series of key board and management appointments as the Company prepares to transition into production at its Flagship Hualilan Gold Project in San Juan, Argentina.

These appointments included:

- Mr Brett Hackett, Australian Ambassador to Argentina, until January 2023 to the Challenger Board as a Non-Executive Director.
- Mr Pini Althaus, an experienced mining resources executive, as a Non-Executive Director.

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- Dr Sonia Delgado as Argentina Country Manager. Sonia has a Master's in labour law and is the former Secretary of Mining of the Province of San Juan, Argentina.
- Mike Zivcic as Company COO. Mike is a mining engineer and was the General Manager of Barrick's ~400 kOz Veladero mine, located in San Juan, Argentina, prior to joining CEL.

Cash at bank at the end of the half-year was \$12.0 million.

### HUALILAN GOLD PROJECT

The Hualilan Gold Project is a high-grade gold and silver project associated with a multi-phase porphyry intrusive. It had extensive historical drilling with over excess of 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. La Mancha's work resulted in NI43-101 (non-JORC) resource estimates that remain open in most directions. Exploration by La Mancha attempted to assess the continuity of mineralisation across the property but did not test the project by systematic drilling. CEL has 100% of the Project comprises 15 mining licences and an exploration licence covering the surrounding 26kms<sup>2</sup>. Additionally, CEL has increased its landholding around the project to 564 square kilometres. The Company has completed in excess of 200,000 metres of drilling to date and is nearing completion of a Scoping Study.

#### Highlights

- **Upgraded Mineral Resource Estimate (MRE) increased to 2.8 million ounces (AuEq)<sup>1</sup> at CEL's flagship Hualilan Gold Project**
- **Significant increase in the high-grade component of this MRE conveyed by the comparison of the 2022 MRE to the higher grade 2.1 Moz AuEq component in the 2023 MRE<sup>1</sup>:**
  - **Upgraded 2023 MRE: 2.1 Moz at 3.1 g/t AuEq<sup>1</sup> (1.0 g/t AuEq cut-off)**
  - **Maiden 2022 MRE: 2.1 Moz at 1.4 g/t AuEq<sup>1</sup> (0.25 g/t AuEq cut-off)**
- **Majority of the MRE now in Indicated Category (1.9 Moz AuEq<sup>1</sup>)**
- **Upgrading most of the MRE to Indicated Category is a crucial step to progress the current Scoping Study.**
- **Resource remains open in most directions with some of the more significant intersections outside the MRE remaining open, including:**
  - **13.0m at 15.5 g/t AuEq<sup>1</sup> (FHNV10-02): 600m south of the MRE**
  - **4.0m at 5.8 g/t AuEq<sup>1</sup> (GNDD-308e): 600m vertically below the MRE**
  - **42.0m at 5.9 g/t AuEq<sup>1</sup> (GNDD-711): open below this intersection**
  - **32.5m at 3.5 g/t AuEq<sup>1</sup> (GNDD-790): open below this intersection**
- **Initial El Penon sampling 10 kilometres northwest of Hualilan delivers high-grade Au-Ag results from stream sediment samples:**
  - **54.4 g/t Au, 151 g/t Ag (stream sediment sample GN136-012)**
  - **The high-grade Au-Ag results are associated with a stream sediment anomaly of 1.2 kilometres strike, located on the periphery of a 2 x 2 kilometre zone of anomalous Cu-Mo.**
- **MOU signed with YPF Luz for the supply of electricity from renewable generation to power Hualilan Gold Mine**

The Company was most pleased with the significant increase in the high-grade component of MRE. This significant increase in the grade, and the quality of the updated 2023 MRE is evident when the higher grade 2.1 Moz AuEq in 2023 MRE is compared to the 2022 MRE.

- **2022 MRE: 2.1 million ounces at 1.4 g/t AuEq** (reported at a 0.25 g/t AuEq cut-off)
- **2023 MRE: 2.1 million ounces at 3.1 g/t AuEq** (reported at a 1.0 g/t AuEq cut-off)

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The upgraded MRE now contains a high-grade core of **1.6 million ounces at 5.0 g/t AuEq** (at a 2.0 g/t AuEq cut-off) which will drive economics and provide significant flexibility. Mineralisation remains open in most directions and there is clear potential for the MRE to continue to grow via extension drilling.

The 2023 MRE was based on an additional 92,000 metres of diamond core drilling of which approximately 50% (45,000 metres) comprised infill drilling. This change in strategy to significantly increase the amount of infill drilling was successful with 81% (1.9 million ounces AuEq of the current 2.3 million ounces AuEq) of the in-pit component of the MRE now in Indicated Category. A total of 67% of the 2.8 Moz upgraded MRE is in the Indicated category compared to 38% of the 2022 MRE.

Domain	Category	Mt	Au g/t	Ag g/t	Zn %	Pb %	AuEq g/t	AuEq (Mozs)
<b>US\$1800 optimised shell &gt; 0.30 ppm AuEq</b>	Indicated	45.5	1.0	5.1	0.4	0.06	1.3	1.9
	Inferred	9.6	1.1	7.3	0.4	0.06	1.2	0.4
<b>Below US\$1800 shell &gt;1.0ppm AuEq</b>	Inferred	5.5	2.1	10.7	1.0	0.06	2.6	0.5
<i>Note: Some rounding errors may be present</i>	<b>Total</b>	<b>60.6</b>	<b>1.1</b>	<b>6.0</b>	<b>0.4</b>	<b>0.06</b>	<b>1.4</b>	<b>2.8</b>

**Table 1 Upgraded Hualilan MRE, March 2023**

### <sup>1</sup> 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 (see **JORC Table 1 Section 3 Metallurgical assumptions**) based on metallurgical test work.
- The formula used:  $AuEq (g/t) = Au (g/t) + [Ag (g/t) \times 0.012106] + [Zn (\%) \times 0.46204] + [Pb (\%) \times 0.19961]$
- 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.

## COMPARISON OF 2022 MRE TO UPGRADED 2023 MRE

Total MRE	Category	Mt	Au g/t	Ag g/t	Zn %	Pb %	AuEq g/t	AuEq (Mozs)
<b>2022 MRE (0.25 g/t cut-off)</b>	<b>Total</b>	<b>47.7</b>	<b>1.1</b>	<b>6.0</b>	<b>0.45</b>	<b>0.06</b>	<b>1.4</b>	<b>2.1</b>
<b>2023 MRE (1.0 g/t cut-off)</b>	<b>Total</b>	<b>21.1</b>	<b>2.5</b>	<b>10.9</b>	<b>1.0</b>	<b>0.10</b>	<b>3.1</b>	<b>2.1</b>

*Note: Some rounding errors may be present*

**Table 2 Comparison 2022 MRE with Upgraded MRE (reported at a 1.0 g/t Cut-off)**

### <sup>1</sup> 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 (see **JORC Table 1 Section 3 Metallurgical assumptions**) based on metallurgical test work.
- The formula used:  $AuEq (g/t) = Au (g/t) + [Ag (g/t) \times 0.012106] + [Zn (\%) \times 0.46204] + [Pb (\%) \times 0.19961]$
- 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.

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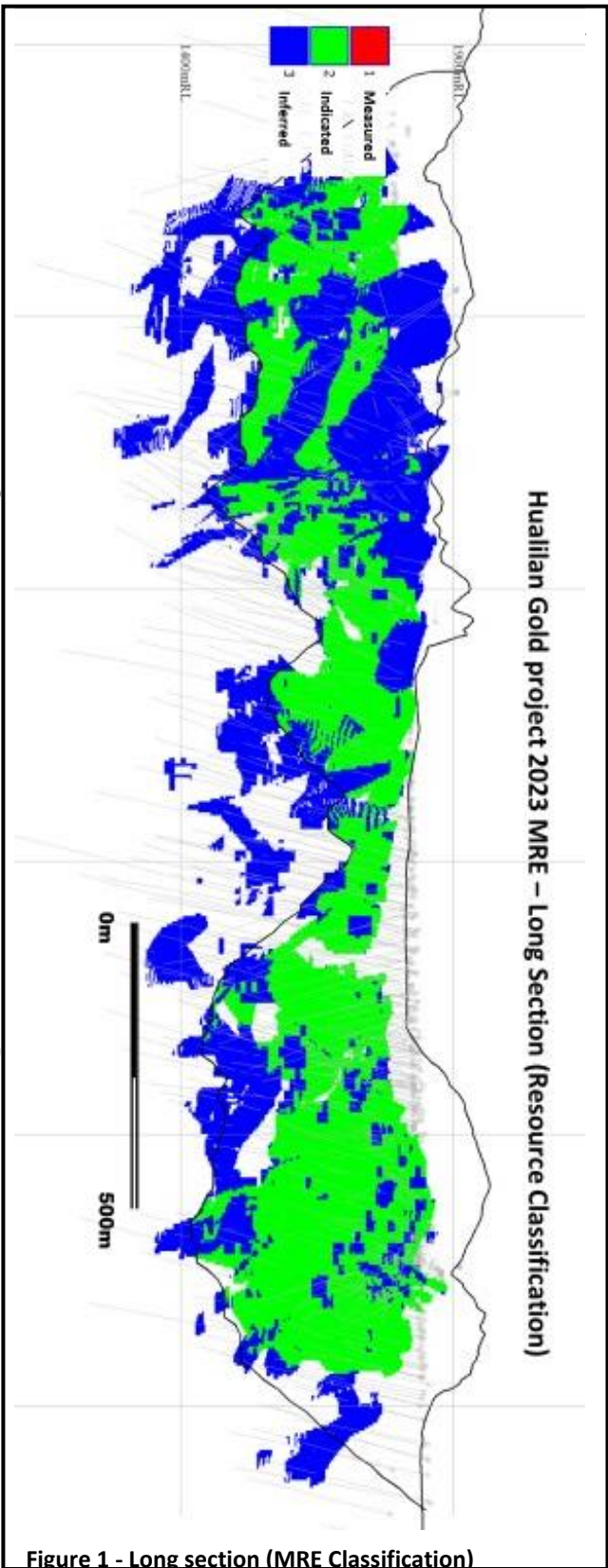


Figure 1 - Long section (MRE Classification)

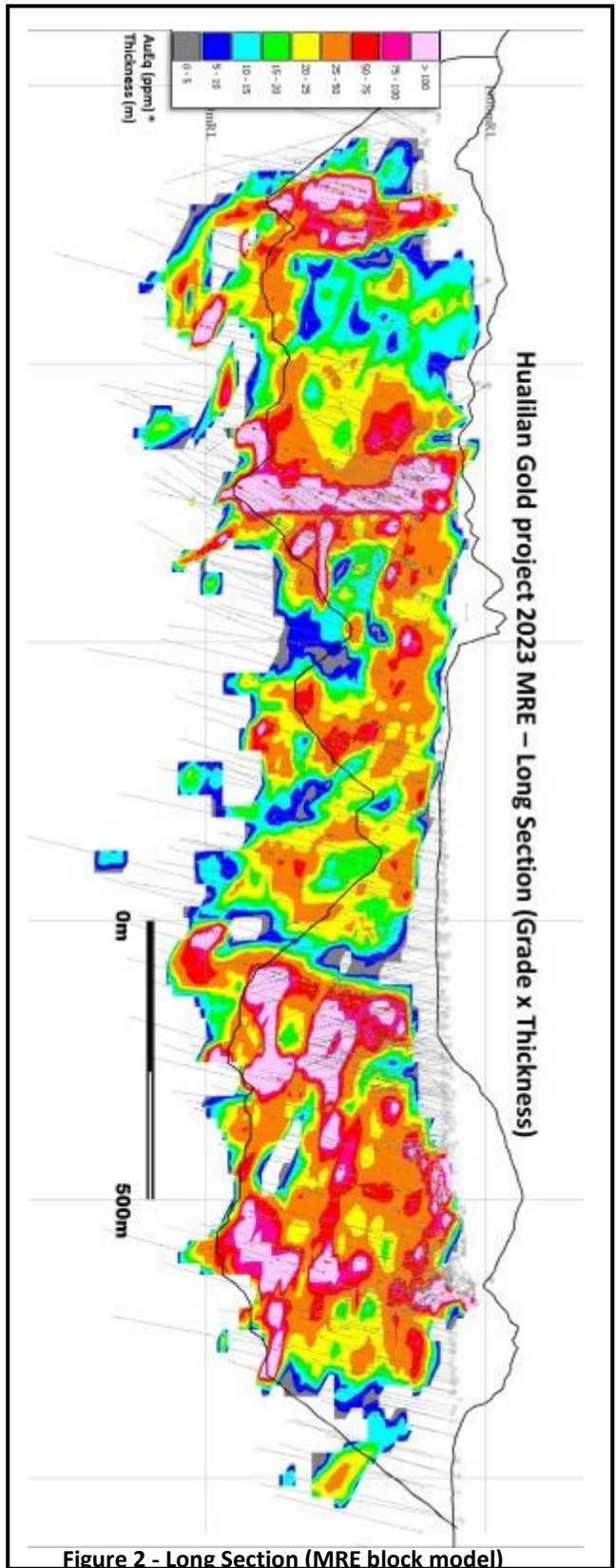


Figure 2 - Long Section (MRE block model)

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Cut-off (g/t AuEq)	Mt	Au (g/t)	Ag (g/t)	Zn (%)	Pb (%)	Au Eq (g/t)	Moz (AuEq)
0.10	94,439,377	0.77	3.79	0.31	0.04	0.98	2,960,631
0.20	74,280,292	0.95	4.50	0.37	0.05	1.20	2,869,259
0.25	67,550,352	1.03	4.85	0.40	0.05	1.30	2,819,993
0.30	60,649,096	1.13	5.19	0.44	0.06	1.41	2,758,935
0.40	49,131,477	1.33	5.82	0.52	0.06	1.67	2,630,081
0.45	44,470,807	1.43	6.21	0.56	0.07	1.79	2,565,915
0.50	40,314,159	1.54	6.50	0.60	0.07	1.93	2,503,463
0.60	33,508,271	1.77	7.10	0.69	0.08	2.21	2,383,116
0.70	29,139,726	1.96	7.52	0.77	0.09	2.45	2,292,046
0.80	25,745,239	2.14	7.98	0.84	0.09	2.67	2,210,537
0.90	23,143,665	2.31	8.34	0.91	0.10	2.88	2,139,855
1.00	21,101,103	2.46	8.66	0.97	0.10	3.06	2,077,276
1.10	19,040,313	2.66	9.07	1.04	0.10	3.28	2,007,852
1.20	17,311,011	2.86	9.62	1.11	0.11	3.49	1,944,038
1.30	15,751,481	3.08	10.07	1.18	0.11	3.72	1,881,326
1.40	14,636,049	3.25	10.53	1.24	0.11	3.90	1,832,800
1.50	13,589,295	3.43	10.85	1.30	0.12	4.08	1,784,294
1.60	12,742,712	3.60	11.27	1.36	0.12	4.25	1,741,963
1.70	11,837,943	3.80	11.76	1.42	0.12	4.45	1,694,016
1.80	11,155,252	3.97	12.13	1.47	0.13	4.62	1,655,499
1.90	10,440,768	4.17	12.61	1.52	0.13	4.81	1,613,244
2.00	9,881,761	4.34	13.06	1.57	0.13	4.97	1,578,019
2.10	9,407,542	4.49	13.41	1.62	0.13	5.12	1,547,054
2.20	8,953,342	4.66	13.83	1.67	0.14	5.27	1,515,540
2.30	8,523,129	4.83	14.23	1.72	0.14	5.42	1,484,369
2.40	8,092,822	5.01	14.66	1.77	0.14	5.58	1,451,837
2.50	7,733,492	5.17	15.04	1.82	0.14	5.73	1,423,675
2.60	7,421,006	5.33	15.44	1.86	0.14	5.86	1,398,119
2.70	7,185,284	5.46	15.62	1.89	0.15	5.97	1,377,965
2.80	6,913,664	5.62	15.92	1.92	0.15	6.09	1,353,882
2.90	6,641,224	5.78	16.24	1.97	0.15	6.22	1,328,928
3.00	6,443,251	5.90	16.45	1.99	0.15	6.33	1,310,235

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

**GROWTH POTENTIAL**

The MRE included data from 790 of the Company's drill holes however there remains a body of significant intercepts that are located well outside the MRE boundary or where mineralisation appears strong and open downdip and/or along strike. A selection of the more significant intersections which remain open are listed in table 4 with Cross Sections provided for context.



**Table 4 - Selected intercepts outside the MRE or below which mineralisation remains open**

<b>Drillhole</b>	<b>Intercept (AuEq)</b>	<b>Comment</b>	<b>Gram Metres</b>
FHNV10-1B	<b>9.2m at 5.1 g/t AuEq (channel) inc 4.6 m at 9.5 g/t AuEq</b>	located 600 metres south of the MRE boundary	<b>47.2</b>
FHNV10-02	<b>13.0m at 15.5 g/t AuEq (channel) inc 8.5m at 21.9 g/t AuEq</b>	located 600 metres south of the MRE boundary	<b>201.3</b>
FHNV10-03	<b>12.7m at 4.4 g/t AuEq (channel)</b>	located 600 metres south of the MRE boundary	<b>56.0</b>
FHNV10-04	<b>4.2m at 8.1 g/t AuEq (channel)</b>	located 600 metres south of the MRE boundary	<b>34.6</b>
FHNV10-05	<b>1.7m at 16.4 g/t AuEq (channel)</b>	located 600 metres south of the MRE boundary	<b>27.4</b>
FHNV10-06	<b>3.8m at 14.6 g/t AuEq (channel)</b>	located 600 metres south of the MRE boundary	<b>55.8</b>
GNDD-308e	<b>4.0m at 5.8 g/t AuEq* from 1009m</b>	Verde Zone - located 600 metres below the upgraded MRE (Deepest hole drilled with hole ending in mineralisation)	<b>23.2</b>
GNRC-104	<b>4.0m at 12.0 g/t AuEq from 104.0m</b>	Norte manto - Requires additional drilling	<b>48.0</b>
GNDD-675	<b>1.7m at 2.4 g/t AuEq from 371.0m</b>	Sentazon Deeps - mineralisation open down dip	<b>4.0</b>
	<b>21.1m at 2.7 g/t AuEq from 409.2m inc 3.8m at 6.5 g/t AuEq</b>		<b>56.2 24.9</b>
GNDD-763	<b>8.9m at 3.7 g/t AuEq from 383.8m inc 3.3m at 9.6 g/t AuEq</b>	Verde Zone - mineralisation open down dip	<b>32.6 31.4</b>
	<b>42.0m at 5.9 g/t AuEq from 319.0m inc 1.9m at 125.0 g/t AuEq</b>		<b>246.8 237.4</b>
GNDD-550	<b>4.4m at 3.1 g/t AuEq from 373.3m</b>	Verde Zone - mineralisation open down dip	<b>13.8</b>
	<b>2.1m at 4.8 g/t AuEq from 425.0m</b>		<b>10.1</b>
	<b>5.5m at 2.1 g/t AuEq from 337.5m</b>		<b>11.7</b>
GNDD-790	<b>32.5m at 3.5 g/t AuEq from 438.8m inc 15.1m t 7.4 g/t AuEq</b>	Verde Zone - mineralisation open down dip	<b>124.7 111.3</b>
	<b>8.4m at 5.5 g/t AuEq from 364.2m inc 2.6m at 17.4 g/t AuEq</b>		<b>46.4 45.2</b>
GNDD-685	<b>20.1m at 1.1 g/t AuEq from 409.0m inc 5.5m at 2.7 g/t AuEq</b>	Magnata Fault - mineralisation open at depth	<b>21.7 14.3</b>
	<b>1.9m at 23.3 g/t AuEq from 651.2m</b>		<b>43.1</b>
	<b>24.2m at 0.9 g/t AuEq from 188.9m</b>		<b>20.8</b>
GNDD-536	<b>6.6m at 6.3 g/t AuEq from 552.0m inc 1.8m at 21.9 g/t AuEq</b>	Verde Zone - mineralisation open down dip	<b>41.5 39.4</b>
	<b>20.0m at 1.5 g/t AuEq from 519.0m inc 2.9m at 9.8 g/t AuEq</b>		<b>30.0</b>

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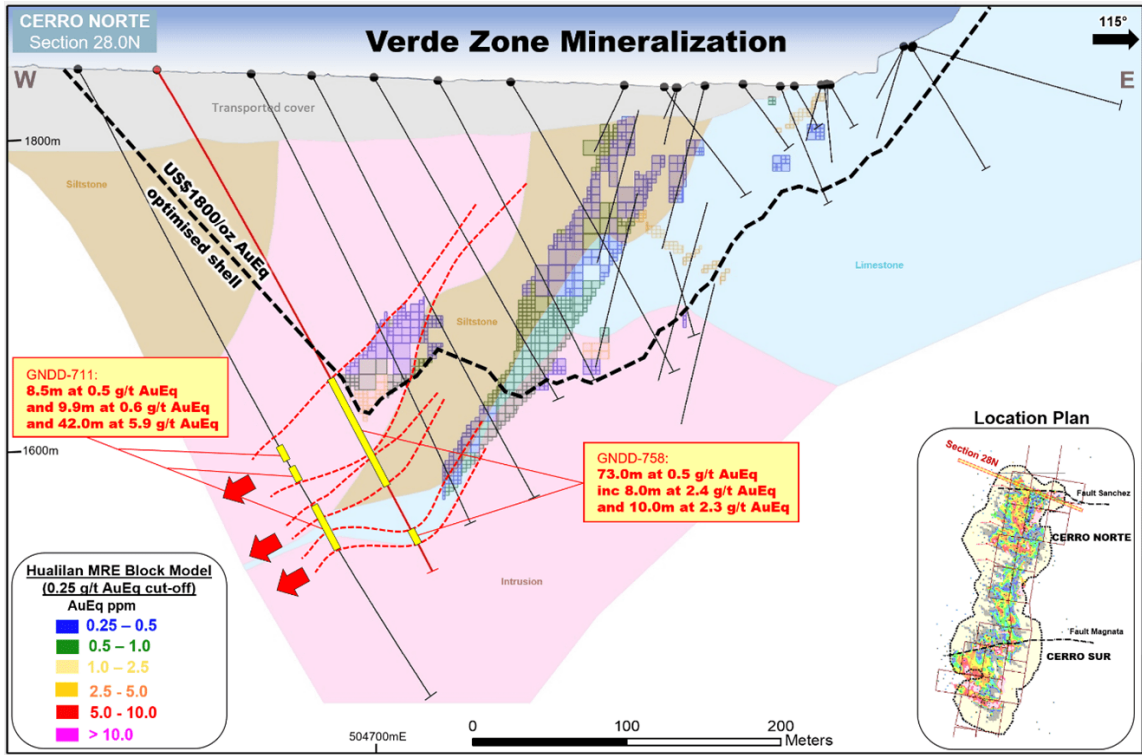


Figure 4 – Typical Cross Section showing recent deeper drilling northern Verde Zone

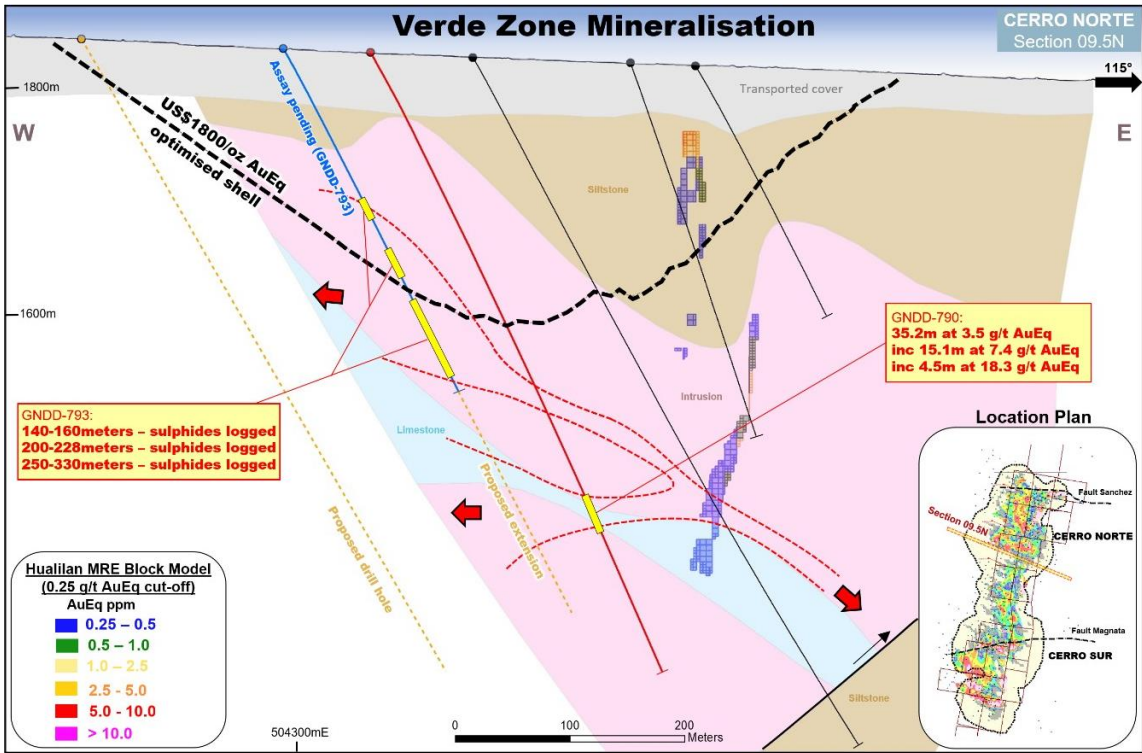


Figure 5 - Typical Cross Section showing New Zone discovery in GNDD-790 - Verde Zone

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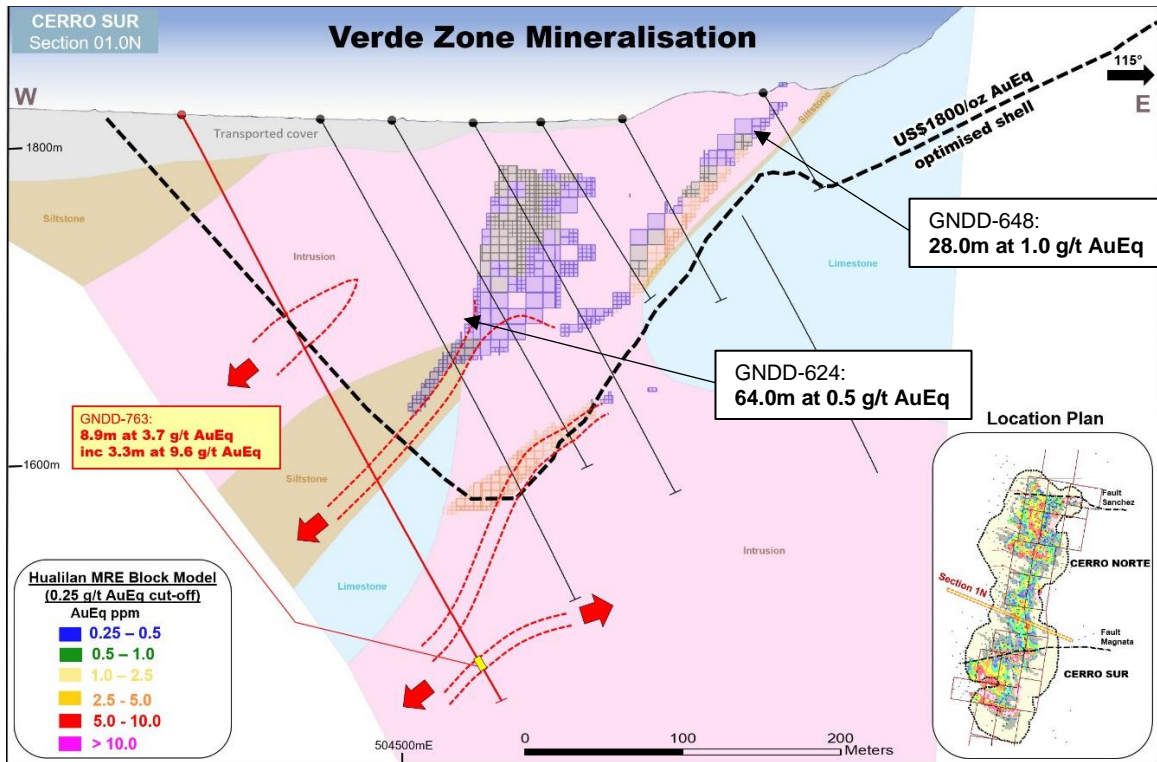


Figure 6 - Typical Cross Section showing New Zone discovery In GNDD-763 - Verde Zone

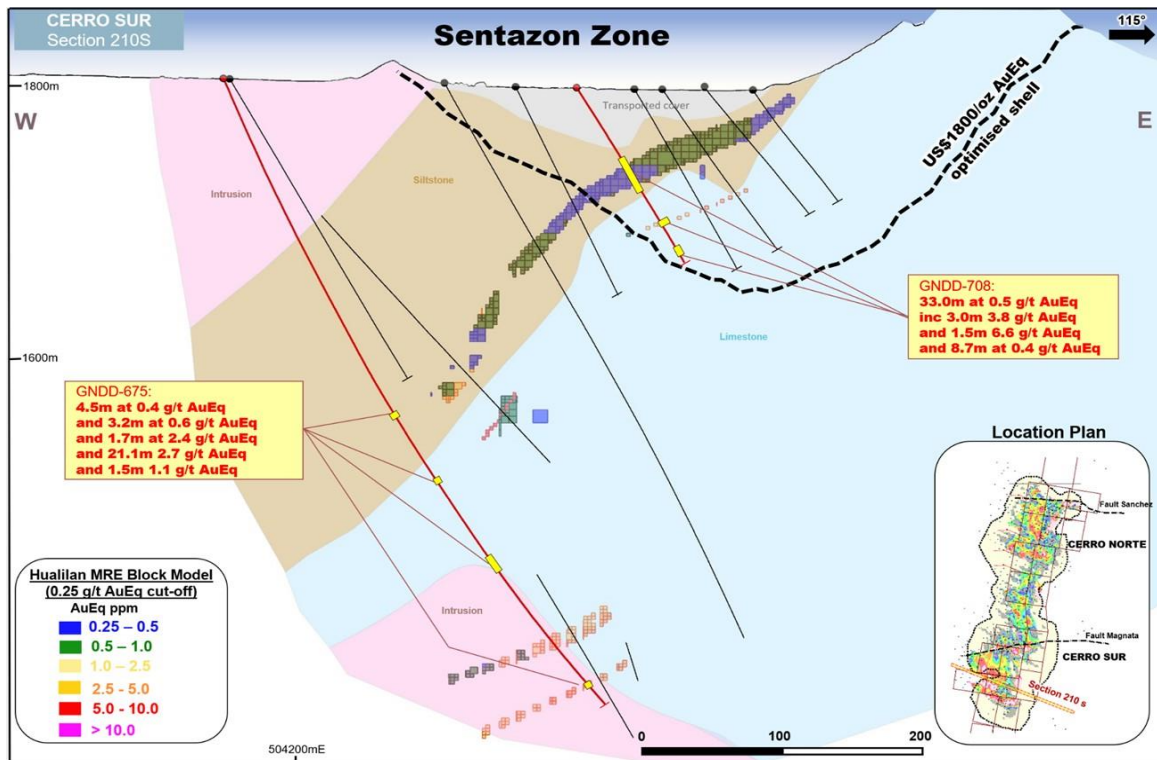


Figure 7 – Typical Cross Section showing recent extension drilling at Sentazon Deeps Discovery

**ACQUISITION OF LAND COVERING HUALILAN PROJECT**

During the half-year the Company completed an agreement to purchase 20,000 Ha of land which contains the Hualilan Project and 5 kilometres surrounding the current MRE. The acquisition will greatly simplify the permitting process as the Company progresses towards production removing the need to reach compensation and access agreements with landowners for both mining and the provision of site infrastructure, and private contracts for the supply of water.

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The size of the land acquisition was designed to:

- cover possible extensions within 5 kilometres in all directions,
- provide a sufficiently large enough footprint such that all mine infrastructure including the process plant, camp, office, waste dumps and Tailings Storage Facility could be located on land owned by the Company.

Under the Land Acquisition agreement, the Company will make total payments of US\$1.2 million over 2 years. The first tranche payment of US\$533,333 has been completed with two additional payments of US\$333,333 payable at the end of the first and second years of the contract.

### REGIONAL EXPLORATION

The Regional Exploration Program is designed to explore for potential Hualilan repeats, initially along the 30 kilometres of prospective strike near the contact between the intrusives and sediments, the zone that hosts the current Hualilan MRE. The program is only beginning with less than 5% of the Company's 600 square kilometre tenement package mapped since the program started in February 2023.

The program consists of several components which are outlined below:

- Regional stream sediment sampling program covering 70km<sup>2</sup> now 50% complete
- Processing of ASTER satellite data covering a 200km<sup>2</sup> tenement package to the east of Hualilan completed generating several anomalies with investigation in the field underway
- Acquisition of 48 km<sup>2</sup> ground Magnetic Surveys at El Peñon and an additional 25 km<sup>2</sup> survey at Lo Que Vendra which covers the strike extensions up to 8 kilometres south of the existing Hualilan MRE.
- Grid mapping and rock chipping/soil sampling covering the strike extensions 4 kilometres north and south of Hualilan which is 20% complete with assays pending for the majority of this program. This program has recently been extended to the west by several kilometres in light of some new potential targets which remain open to the west.

The program has already identified several target zones containing high-grade gold early in the program with progress during the half-year including.

#### El Peñon

Reconnaissance stream sediment sampling at El Peñon (EP) 10 km northwest from the Hualilán Project. This area is located between two ranges, separated by a braided riverbed. It can be accessed only with a 4x4 vehicle. The main structural features is a north-south limestone range (EI) which is interpreted as a repeat of the large thrust belt that controls the Hualilan Hills. El Peñon contains structures, fractures and breccias developed along the different tectonic cycles that create the same favourable conditions for mineralisation present at Hualilan.

A first pass stream sediment sampling campaign is in progress with the area sampled covering an area of 4km by 5km with final assays for 186 stream sediment samples and 16 rock chip samples returned to date. Assay results remain pending for some samples. The sample results received define an area of 2 kilometres by 2 kilometres at the southern end of the El Peñon concession, anomalous for copper and molybdenum with Cu-Mo results in this zone 4-6 times background.

The high-grade gold and silver results cover approximately 250 metres of strike within a longer 1.2 kilometre As-Bi-Pb-Zn-Sb-Tl anomaly and are located at the edge of this 2 x 2 kilometre zone of anomalous Cu-Mo (Figure 1 and 2). The results include:

- |                            |                                    |
|----------------------------|------------------------------------|
| - 54.4 g/t Au, 151 g/t Ag  | (stream sediment sample GN136-012) |
| - 12.1 g/t Au, 62.1 g/t Ag | (stream sediment sample GN121-823) |
| - 7.9 g/t Au, 33.1 g/t Ag  | (stream sediment sample GN121-824) |
| - 3.2 g/t Au, 17.7 g/t Ag  | (stream sediment sample GN121-827) |

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These results are high for steam sediment samples, where values are generally measured in parts per billion rather than parts per million (g/t). Additional mapping and sampling is in progress. The current working interpretation is that the Cu-Mo anomaly may represent the top of a porphyry system with the high-grade gold samples related to skarn mineralisation or epithermal mineralisation at the edge of the porphyry system.

### Andacollo

Andacollo is located 2 kilometres north along strike from the northern margin of the current Hualilan Mineral Resource (Figure 8 and 9). The high-grade samples from at Andacollo were taken from within underground workings and dumps at the entrance to the underground workings. The samples extend over 200 metres and have an east-west trend which is similar to the Magnata and Sanchez Faults.

Results include:

- **26.9 g/t Au, 432 g/t Ag, 0.3% Zn, 5.4% Pb (rock chip sample GN121-476)**
- **20.6 g/t Au, 1785 g/t Ag, 3.6% Zn, 3.8% Pb (rock chip sample GN121-481)**
- **23.7 g/t Au, 125 g/t Ag, 0.5% Zn, 2.5% Pb (rock chip sample GN23-001)**
- **12.9 g/t Au, 23.8 g/t Ag, 0.5% Zn, 2.3% Pb (rock chip sample GN121-483)**
- **9.8 g/t Au, 101 g/t Ag, 0.3% Zn, 2.1% Pb (rock chip sample GN121-477)**

The Company has undertaken a limited program of drilling down dip of the old workings with drilling completed to date not intersecting mineralisation. This drilling involved east-west oriented drill holes designed to test for Verde style (east-west dipping) mineralisation rather than vertical mineralisation with the same east-west orientation as the Magnata and Sanchez Fault mineralisation.

The 2 kilometres north of the Hualilan to Andacollo contains a series of recently discovered old workings in the Hualilan Hills many of which are still being systematically mapped and sampled as part of the regional exploration program. Accordingly drilling to test targets generated by this sampling will be conducted at the completion of detailed mapping and sampling along this 2-kilometre trend.

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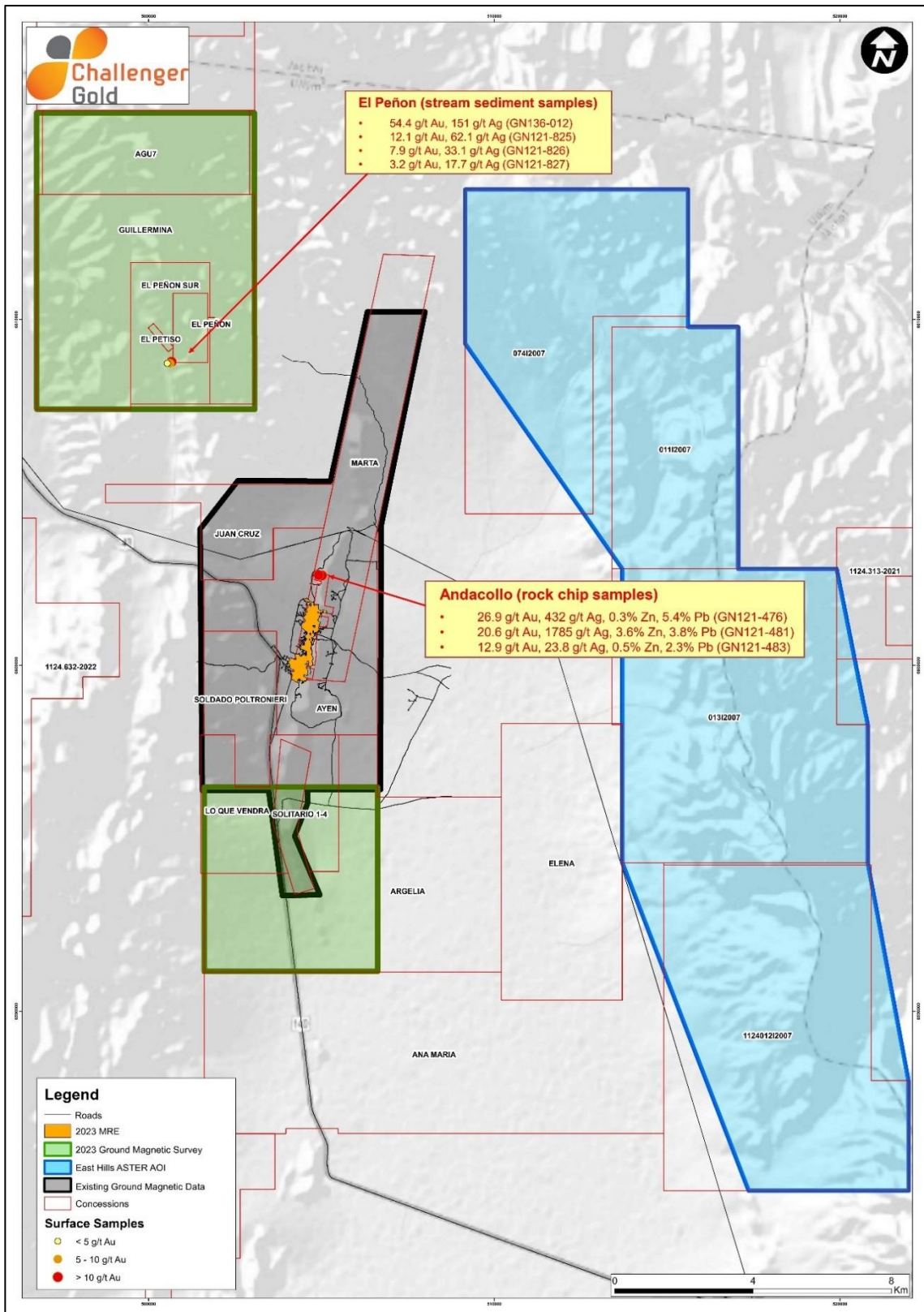


Figure 8 Showing new ground magnetic data and ASTER satellite data

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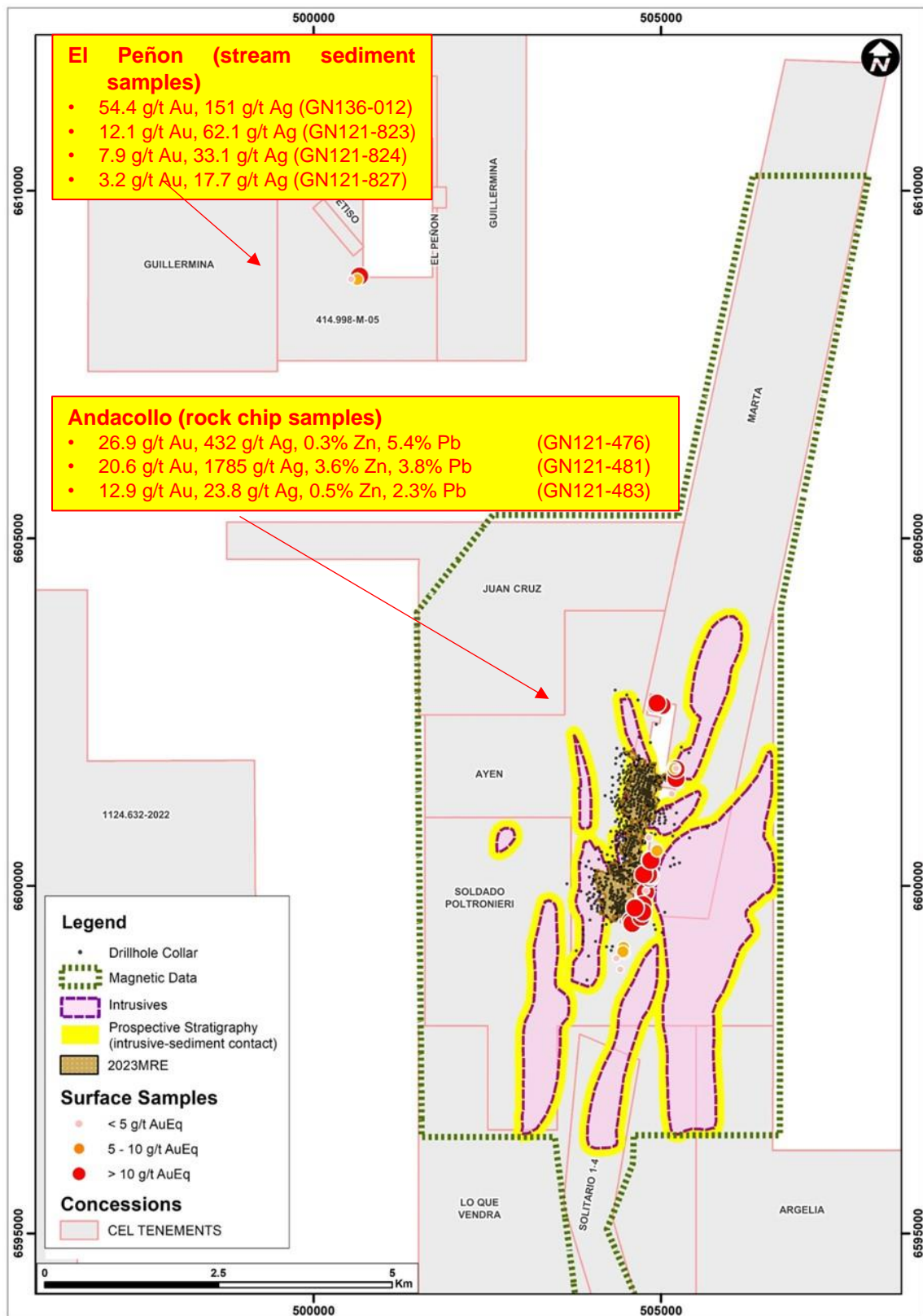


Figure 9 - Regional Sampling showing El Peñon and Andacollo sample locations

**MOU WITH YPF - LOW-COST RENEWABLE POWER**

During the half-year the Company executed a non-binding Memorandum of Understanding (**MOU**) with YPF Luz for the supply of renewable power to the Hualilan Gold Project.

The access to low cost renewable power for the Hualilan Project offers the potential for the Hualilan Project to have a low carbon intensity compared to its peers. Additionally, access to a sustainable and low cost power source will support Hualilan Project economics while the access to this power source via a reliable grid connection significantly

## Challenger Gold Limited

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de-risks the project and removes the need for expensive on-site power storage often a consequence of 100% renewable power.

### YPF Luz

YPF Luz is one of Argentina's largest energy companies, with installed generative capacity of 3.2 GMW including 468 MW of renewable energy capacity. YPF Luz is a subsidiary of YPF S.A., Argentina's largest integrated energy company partially owned by the Argentinian Government and reported EBITDA of US\$398 million for the 2022 financial year.

YPF Luz has a focus in the renewable energy business and provides its customers with efficient and affordable electric energy, as well as tailor-made engineering solutions to transportation and distribution challenges. Additionally, YPF S.A., the main shareholder of YPF Luz, is the largest distributor of Biodiesel to the Mining industry in Argentina.

### Key terms of the non-binding MOU

- YPF Luz will present CEL, a high level technical alternatives for the supply of renewable electric energy to the Hualilan Project, from which CEL shall decide if it wants YPF LUZ to develop any of the alternatives presented.
- In order to develop the chosen alternative, the Parties will negotiate a binding agreement that will include YPF LUZ's obligation to develop the alternative, and the agreements that the Parties may enter into (such as a PPA) if the development is satisfactory.
- If the project reaches an Energy Supply price below 7 US cents kWh CEL shall award YPF LUZ with a PPA for the Energy Supply to the Hualilan Project
- YPF shall have a right of first refusal for the energy supply to the Hualilan Project in any future tenders for a term of five (5) years providing it matches the best price.

### EL GUAYABO GOLD AND COLORADO V GOLD/COPPER PROJECTS – ECUADOR

The El Guayabo Project is located in El Oro Province, southern Ecuador, and comprises three contiguous tenements, the El Guayabo, El Guayabo 2, and Colorado V tenements. The Company has drilled fourteen of fifteen regionally significant Au-soil anomalies with over 500 metres of mineralisation intersected in seven of these fourteen 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 Ecuadorian groups that targeted high-grade gold. Historical exploration reports record gold mineralisation in intrusive rocks in outcrop.

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## Highlights

- Initial Inferred Mineral Resource Estimate (MRE) of 270 mt at 0.52 g/t AuEq<sup>1</sup> for 4.5 Moz AuEq<sup>1</sup>
- The 4.5 Moz<sup>1</sup> MRE contains a significant higher-grade core of mineralisation (refer Table 5)
  - 1.45 Moz at 1.0 g/t AuEq<sup>1</sup> (0.65 g/t AuEq cut-off) including;
  - 1.01 Moz at 1.2 g/t AuEq<sup>1</sup> (0.8 g/t AuEq cut-off) including;
  - 0.63 Moz at 1.5 g/t AuEq<sup>1</sup> (1.0 g/t AuEq cut-off).
- The MRE is predominantly based on drilling at the GY-A and GY-B anomalies and is constrained by drilling with mineralisation remaining open in both directions along strike and at depth.
- MRE does not include drill holes GYDD-23-039 (805.3m at 0.6 g/t AuEq) or GYDD-23-040 to 043 (assays pending) and will be updated upon the receipt of assays for these final five holes and assays from a series of surface and underground channel sampling.
- Phase B holes on the GY-A anomaly drilled to allow the reporting of a Mineral Resource Estimate all intersect significant mineralisation including a 1.2 km intercept with results including (Table 7):
  - 1190.0m at 0.3 g/t AuEq<sup>2</sup>                      - 0.2 g/t Au, 1.3 g/t Ag, 0.1 % Cu, 12.6 ppm Mo from 4.0m incl;
  - 511.1m at 0.4 g/t AuEq<sup>2</sup>                      - 0.3 g/t Au, 2.1 g/t Ag, 0.1 % Cu, 11.9 ppm Mo from 4.0m incl;
  - 369.5m at 0.5 g/t AuEq<sup>2</sup>                      - 0.3 g/t Au, 2.2 g/t Ag, 0.1% Cu, 13.3 ppm Mo from 65.0m incl
  - 178.8m at 0.6 g/t AuEq<sup>2</sup>                      - 0.5 g/t Au, 2.4 g/t Ag, 0.1% Cu, 8.8 ppm Mo from 344.0m incl;
  - 101.0 m at 0.8 g/t AuEq<sup>2</sup>                      - 0.6 g/t Au, 2.8 g/t Ag, 0.1% Cu, 5.9 ppm Mo (GYDD-22-025)  
(GY-A Phase 2 drilling - hole mineralised from surface to end of hole)
  - 689.5m at 0.3 g/t AuEq<sup>2</sup>                      - 0.2 g/t Au, 1.4 g/t Ag, 0.1% Cu, 9.0 ppm Mo from surface incl;
  - 317.7m at 0.5 g/t AuEq<sup>2</sup>                      - 0.4 g/t Au, 1.2 g/t Ag, 0.1% Cu, 15.0 ppm Mo from 75.4m incl;
  - 54.0 m at 1.0 g/t AuEq<sup>2</sup>                      - 0.9 g/t Au, 1.7 g/t Ag, 0.1% Cu, 13.6 ppm Mo from 280.5m and
  - 22.5 m at 1.3 g/t AuEq<sup>2</sup>                      - 1.1 g/t Au, 1.7 g/t Ag, 0.1% Cu, 9.1 ppm Mo (GYDD-22-030)  
(GY-A Phase 2 drilling - hole mineralised from surface to end of hole)
  - 871.9 m at 0.3 g/t AuEq<sup>2</sup> - 0.2 g/t Au, 1.3 g/t Ag, 0.04% Cu, 14.2 ppm Mo from surface incl;
  - 67.9m at 0.6 g/t AuEq<sup>2</sup> - 0.5 g/t Au, 3.2 g/t Ag, 0.1% Cu, 7.7 ppm Mo (GYDD-22-027)  
(GY-A Phase 2 drilling - hole mineralised from surface to end of hole)

## MINERAL RESOURCE ESTIMATE

During the half-year the company reported a 4.5 Moz gold-equivalent<sup>1</sup> MRE was based on 34 drill holes, for 22,572 metres, from the Company's Phase 1 and 2 diamond core drill programs at its 100% owned El Guayabo concession. The final five holes in the program, including GYDD-23-039 (**805.3m at 0.6 g/t AuEq including 546.7m at 0.8 g/t AuEq**) to GYDD-23-042 and GYDD-23-043 have not been included in the MRE. Accordingly, the MRE should be regarded as an interim resource estimate which will be updated. The final 5 drill holes, not included in the MRE, comprise 3,423 metres.

This initial resource drilling program, and resultant MRE, focused primarily on the GY-A and GY-B anomalies on the Company's 100% owned El Guayabo concession. Mineralisation remains open in both directions along strike and at depth at both GY-A and GY-B and there is clear potential for the MRE to grow significantly via additional drilling on these two anomalies.

GY-A and GY-B are the first two of seven large Au-Cu soil anomalies that have produced significant drill intercepts to be targeted with a resource drilling program. The other anomalies include:

- **GY-C** (450 x 450m): **805.3m at 0.6 g/t AuEq** including **231.2m at 1.5 g/t AuEq**
- **CV-A** (900 x 450m): **528.7m at 0.5 g/t AuEq** including **397.1m at 0.6 g/t AuEq**
- **CV-B** (800 x 400m): **570.0m at 0.4 g/t AuEq** including **307.0m at 0.5 g/t AuEq**

## Challenger Gold Limited

- **CP-A (300 x 300m): 778.2m at 0.3 g/t AuEq including 171.3m & 150.8m at 0.5 g/t AuEq**
- **GY-D (400 x 300m) 311.7m at 0.3 g/t AuEq including 56.0m at 0.6 g/t AuEq**

The El Guayabo Project adjoins the 17 million ounce Cangrejos Gold Project<sup>3</sup> owned by Lumina Gold (TSX : LUM). Cangrejos and El Guayabo have the same geology, surface footprint, and mineralisation style, and are interpreted as being part of the same system. Lumina Gold recently released the results of a Pre-Feasibility Study for Cangrejos. Additionally, in May this year Lumina announced it had entered into an agreement with Wheaton Precious Metals for Wheaton to provide Lumina US\$300M financing via a Gold Stream for Cangrejos.

Table 5 shows the classification of the Interim MRE and the breakdown between the in-pit and underground component of the 4.5Moz MRE.. Importantly, there is a discrete higher-grade component to the resource on both the GY-A and GY-B anomalies. This higher-grade component of the MRE comprises:

**1.5 Moz at 1.0 g/t AuEq<sup>1</sup> - 45.1 Mt at 0.8 g/t Au, 3.8 g/t Ag, 0.12% Cu, 8.0ppm Mo (0.65 g/t AuEq cut-off)**

**1.0 Moz at 1.2 g/t AuEq<sup>1</sup> - 26.4 Mt at 0.9 g/t Au, 4.6 g/t Ag, 0.16% Cu, 7.0ppm Mo (0.8 g/t AuEq cut-off)**

**0.6 Moz at 1.5 g/t AuEq<sup>1</sup> - 13.1 Mt at 1.1 g/t Au, 6.2 g/t Ag, 0.23% Cu, 6.5ppm Mo (1.0 g/t AuEq cut-off)**

Domain	Category	Mt	Au (g/t)	Ag (g/t)	Cu (%)	Mo (ppm)	AuEq (g/t)	AuEq (Mozs)
<i>US\$1800 optimised shell &gt; 0.3 g/t AuEq</i>	Inferred	212.2	0.36	2.8	0.07	6.5	0.50	3.4
<i>Below US\$1800 shell &gt;0.4 g/t AuEq</i>	Inferred	56.5	0.46	1.8	0.07	7.5	0.59	1.1
<b>Total</b>	<b>Inferred</b>	<b>268.7</b>	<b>0.38</b>	<b>2.6</b>	<b>0.07</b>	<b>7.2</b>	<b>0.52</b>	<b>4.5</b>

Note: Some rounding errors may be present (² see over the page for AuEq Information required under JORC)

Table 5 El Guayabo Interim MRE

Cut-off (g/t AuEq)	t	Au (g/t)	Ag (g/t)	Cu (%)	Mo (%)	Au Eq (g/t)	oz (AuEq)
0.20	450,477,303	0.30	2.2	0.06	6.3	0.42	6,011,670
0.25	361,372,832	0.33	2.4	0.07	6.3	0.46	5,384,520
<b>0.30</b>	<b>268,733,011</b>	<b>0.38</b>	<b>2.6</b>	<b>0.07</b>	<b>7.2</b>	<b>0.52</b>	<b>4,483,435</b>
0.35	203,701,681	0.43	2.7	0.08	7.3	0.58	3,816,672
0.40	163,925,581	0.48	2.8	0.08	6.7	0.64	3,351,283
0.45	119,827,891	0.53	3.1	0.09	7.4	0.71	2,721,294
0.50	91,356,720	0.59	3.3	0.10	7.3	0.78	2,288,199
0.55	70,319,340	0.65	3.4	0.11	7.6	0.86	1,934,466
0.60	55,271,580	0.72	3.6	0.12	8.0	0.93	1,649,860
0.65	<b>45,088,680</b>	<b>0.77</b>	<b>3.8</b>	<b>0.12</b>	<b>8.0</b>	<b>1.0</b>	<b>1,452,225</b>
0.70	37,690,380	0.82	4.0	0.13	7.8	1.1	1,281,627
0.75	31,747,170	0.86	4.3	0.14	7.8	1.1	1,149,427
0.80	<b>26,434,590</b>	<b>0.91</b>	<b>4.6</b>	<b>0.16</b>	<b>7.0</b>	<b>1.2</b>	<b>1,013,656</b>
0.85	21,924,630	0.95	4.9	0.17	7.0	1.3	891,349
0.90	18,555,810	0.99	5.3	0.19	7.2	1.3	796,251
0.95	15,631,980	1.03	5.8	0.21	6.5	1.4	711,302
1.00	13,150,410	1.08	6.2	0.23	6.5	1.5	631,332

Table 6 El Guayabo Interim MRE at various cut-off grades

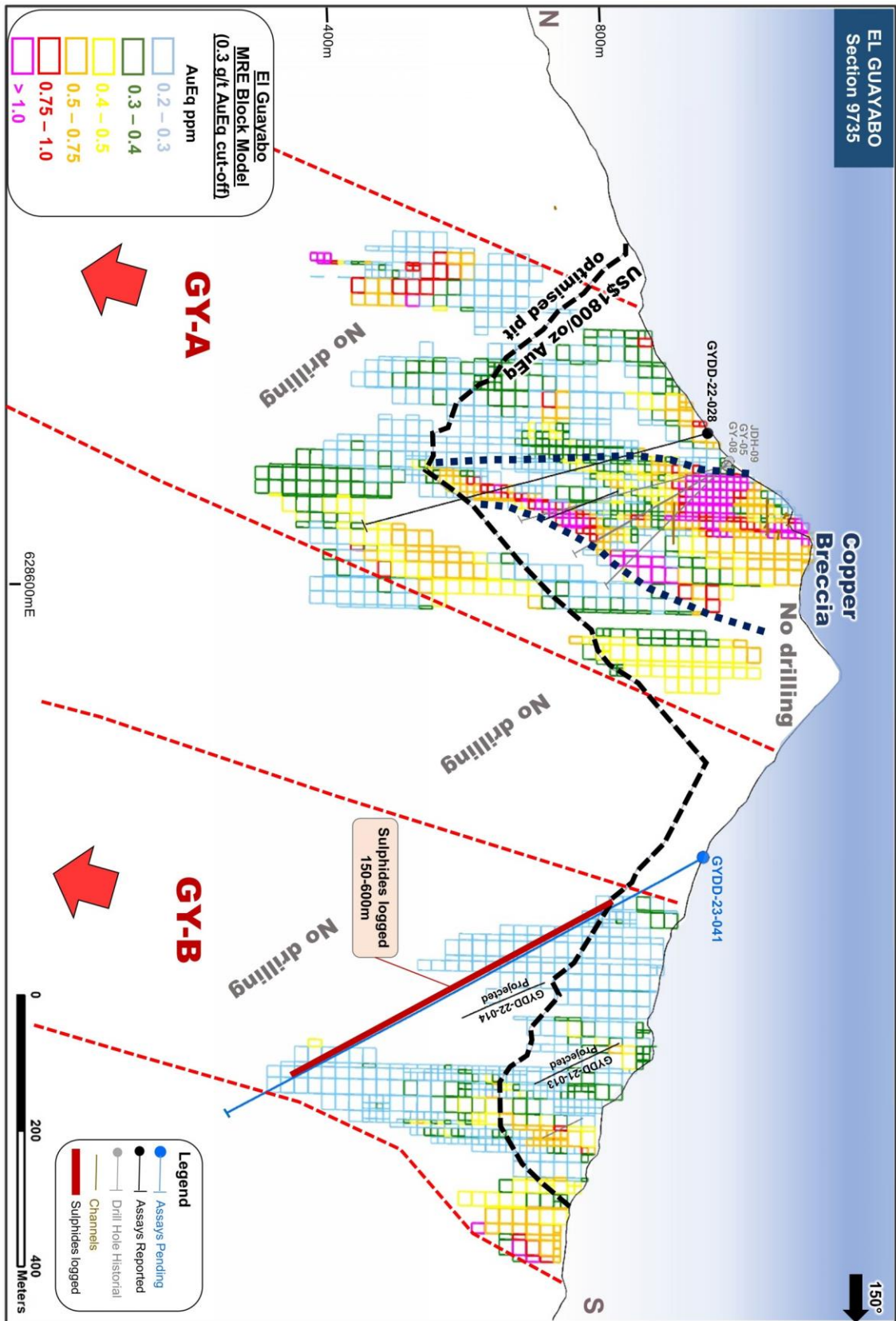


Figure 10 – Cross Section showing MRE Block Model GY-A and GY-B and high-grade Copper Breccia

<sup>2</sup> Gold Equivalent (AuEq) values - Requirements under the JORC Code

- Assumed commodity prices for the calculation of AuEq is Au US\$1800 Oz, Ag US\$22 Oz, Cu US\$9,000/t, Mo US\$44,080/t
- Metallurgical recoveries are estimated to be Au (85%), Ag (60%), Cu (85%) Mo (50%) across all ore types (see **JORC Table 1 Section 3 Metallurgical assumptions**) based on metallurgical test work.
- The formula used:  $AuEq (g/t) = Au (g/t) + [Ag (g/t) \times 0.012222] + [Cu (\%) \times 1.555] + [Mo (\%) \times 4.480026]$
- 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.

**AUDITOR'S INDEPENDENCE DECLARATION**

Section 307C of the Corporations Act 2001 requires our auditors, Ernst & Young, to provide the Directors of the company with an Independence Declaration in relation to the review of the Interim Consolidated Financial Report for the half-year ended 30 June 2023. This Independence Declaration is set out on page 20 and forms part of this report.

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



**Kris Knauer**  
**Managing Director**  
Perth, Western Australia  
13 September 2023

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# Challenger Gold Limited

## MINERAL RESOURCE ESTIMATE - HUALILAN GOLD PROJECT

Domain	Category	Mt	Au g/t	Ag g/t	Zn %	Pb %	AuEq g/t	AuEq (Mozs)
<i>US\$1800 optimised shell &gt; 0.30 ppm AuEq</i>	Indicated	45.5	1.0	5.1	0.4	0.06	1.3	1.9
	Inferred	9.6	1.1	7.3	0.4	0.06	1.2	0.4
<i>Below US\$1800 shell &gt;1.0ppm AuEq</i>	Inferred	5.5	2.1	10.7	1.0	0.06	2.6	0.5
	<b>Total</b>	<b>60.6</b>	<b>1.1</b>	<b>6.0</b>	<b>0.4</b>	<b>0.06</b>	<b>1.4</b>	<b>2.8</b>

Note: Some rounding errors may be present

### Upgraded Hualilan MRE, March 2023

## COMPARISON OF 2022 MRE TO UPGRADED 2023 MRE

Total MRE	Category	Mt	Au g/t	Ag g/t	Zn %	Pb %	AuEq g/t	AuEq (Mozs)
<b>2022 MRE (0.25 g/t cut-off)</b>	<b>Total</b>	<b>47.7</b>	<b>1.1</b>	<b>6.0</b>	<b>0.45</b>	<b>0.06</b>	<b>1.4</b>	<b>2.1</b>
<b>2023 MRE (1.0 g/t cut-off)</b>	<b>Total</b>	<b>21.1</b>	<b>2.5</b>	<b>10.9</b>	<b>1.0</b>	<b>0.10</b>	<b>3.1</b>	<b>2.1</b>

Note: Some rounding errors may be present

### Comparison 2022 MRE with Upgraded MRE (reported at a 1.0 g/t Cut-off)

#### 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 (see JORC Table 1 Section 3 Metallurgical assumptions) based on metallurgical test work.
- The formula used:  $AuEq (g/t) = Au (g/t) + [Ag (g/t) \times 0.012106] + [Zn (\%) \times 0.46204] + [Pb (\%) \times 0.19961]$
- 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.

## MINERAL RESOURCE ESTIMATE - EL GUAYABO GOLD / COPPER PROJECT

Domain	Category	Mt	Au (g/t)	Ag (g/t)	Cu (%)	Mo (ppm)	AuEq (g/t)	AuEq (Mozs)
<i>US\$1800 optimised shell &gt; 0.3 g/t AuEq</i>	Inferred	212.2	0.36	2.8	0.07	6.5	0.50	3.4
<i>Below US\$1800 shell &gt;0.4 g/t AuEq</i>	Inferred	56.5	0.46	1.8	0.07	7.5	0.59	1.1
	<b>Total</b>	<b>268.7</b>	<b>0.38</b>	<b>2.6</b>	<b>0.07</b>	<b>7.2</b>	<b>0.52</b>	<b>4.5</b>

Note: Some rounding errors may be present

### El Guayabo Interim MRE, June 2023

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

- Assumed commodity prices for the calculation of AuEq is Au US\$1800 Oz, Ag US\$22 Oz, Cu US\$9,000/t, Mo US\$44,080/t
- Metallurgical recoveries are estimated to be Au (85%), Ag (60%), Cu (85%) Mo (50%) across all ore types (see JORC Table 1 Section 3 Metallurgical assumptions) based on metallurgical test work.
- The formula used:  $AuEq (g/t) = Au (g/t) + [Ag (g/t) \times 0.012222] + [Cu (\%) \times 1.555] + [Mo (\%) \times 4.480026]$
- 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.

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**COMPETENT PERSON STATEMENT – EXPLORATION RESULTS AND MINERAL RESOURCES**

The information that relates to sampling techniques and data, exploration results, geological interpretation and Mineral Resource Estimate 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.

The Mineral Resource Estimate for the Hualilan Gold Project was first announced to the ASX on 1 June 2022 and updated 29 March 2023. The Mineral Resource Estimate for the El Guayabo Project was first announced to the ASX on 14 June 2023. The Company confirms it is not aware of any information or assumptions that materially impacts the information included in the announcements and that the material assumptions and technical parameters underpinning the Mineral Resource Estimates continue to apply and have not materially changed.

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## **Auditor's independence declaration to the directors of Challenger Gold Limited**

As lead auditor for the review of the half-year financial report of Challenger Gold Limited for the half-year ended 30 June 2023, 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 review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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

Ernst & Young

V L Hoang  
Partner  
13 September 2023

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## Challenger Gold Limited

### Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 30 June 2023

		Consolidated Half-year ended	Consolidated Six-months ended
	Notes	30 June 2023 \$	31 December 2022 \$
<b>Other income</b>	3	<b>8,353,218</b>	<b>11,307,082</b>
<b>Gain on net monetary position</b>	1.4	<b>27,739,835</b>	<b>19,333,616</b>
Accounting and audit fees		56,559	252,634
Consultants' and directors' fees		893,177	516,912
Legal and compliance		87,797	201,873
Investor relations, conferences, and corporate advice		172,589	554,848
Employee expenses		99,303	83,688
Travel expenses		124,664	225,653
Public company and administration expenses		732,713	596,181
Employee share-based payments		33,334	252,920
Foreign exchange loss		373,327	-
Depreciation		113,854	69,275
Finance costs		2,009,447	1,136,618
Other		68,816	102,132
<b>Profit before income tax</b>		<b>31,327,472</b>	<b>26,647,964</b>
Income tax credit (expense)	10	3,133,177	(1,962,994)
<b>Profit for the half-year</b>		<b>34,460,650</b>	<b>24,684,970</b>
<b>Other comprehensive loss net of income tax</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(25,027,627)	<b>(20,721,267)</b>
<b>Total comprehensive profit for the half-year</b>		<b>9,433,023</b>	<b>3,963,703</b>
Basic earnings per share (cents per share)	4	<b>3.20</b>	<b>2.38</b>
Diluted earnings per share (cents per share)	4	<b>3.15</b>	<b>2.36</b>

The accompanying notes form part of these Interim Consolidated Financial Statements.



# Challenger Gold Limited

## Interim Consolidated Statement of Financial Position as at 30 June 2023

		Consolidated	
		30 June 2023	31 December 2022
		\$	\$
	Notes		
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		12,012,387	15,426,824
Other receivables		295,286	181,300
Pre-payments		99,162	733,525
<b>Total Current Assets</b>		<b>12,406,835</b>	<b>16,341,649</b>
<b>Non-Current Assets</b>			
Other receivables	5	6,480,744	7,970,637
Deferred exploration and evaluation expenditure	6	173,690,388	154,145,647
Plant and equipment		894,554	870,053
<b>Total Non-Current Assets</b>		<b>181,065,686</b>	<b>162,986,337</b>
<b>Total Assets</b>		<b>193,472,521</b>	<b>179,327,986</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	8	2,300,906	1,948,499
Interest bearing liabilities	7	13,684,858	12,228,566
Derivative liabilities	7	2,398,372	6,855,647
Provisions		126,326	103,133
<b>Total Current Liabilities</b>		<b>18,510,462</b>	<b>21,135,845</b>
<b>Non-Current Liabilities</b>			
Deferred Tax Liabilities		6,548,834	8,695,550
Interest bearing liabilities	7	166,622	259,309
<b>Total Non-Current Liabilities</b>		<b>6,715,456</b>	<b>8,954,859</b>
<b>Total Liabilities</b>		<b>25,225,918</b>	<b>30,090,704</b>
<b>Net Assets</b>		<b>168,246,603</b>	<b>149,237,282</b>
<b>Equity</b>			
Issued capital	9	133,196,557	123,620,259
Reserves		(45,569,834)	(20,542,207)
Retained profits		80,619,880	46,159,230
<b>Total Equity</b>		<b>168,246,603</b>	<b>149,237,282</b>

The accompanying notes form part of these Interim Consolidated Financial Statements.

## Challenger Gold Limited

### Interim Consolidated Statement of Changes in Equity for the half-year ended 30 June 2023

Consolidated							
		Issued capital	Retained Profits	Foreign Currency Translation Reserve	Option Reserves	Share- based payment Reserves	Total
	Notes	\$	\$	\$	\$	\$	\$
<b>Balance at 1 January 2023</b>		<b>123,620,259</b>	<b>46,159,230</b>	<b>(24,624,354)</b>	<b>784</b>	<b>4,081,363</b>	<b>149,237,282</b>
Profit for the period		-	34,460,650	-	-	-	34,460,650
Other comprehensive loss		-	-	(25,027,627)	-	-	(25,027,627)
<b>Total comprehensive income / (loss) for the period</b>		<b>-</b>	<b>34,460,650</b>	<b>(25,027,627)</b>	<b>-</b>	<b>-</b>	<b>9,433,023</b>
Shares issued for cash	9.1	10,000,000	-	-	-	-	10,000,000
Issue of shares in lieu of fees	9.1	33,334	-	-	-	-	33,334
Shares issued in lieu of finance costs	9.1	220,763	-	-	-	-	220,763
Share issue costs	9.1	(677,799)	-	-	-	-	(677,799)
<b>Balance at 30 June 2023</b>		<b>133,196,557</b>	<b>80,619,880</b>	<b>(49,651,981)</b>	<b>784</b>	<b>4,081,363</b>	<b>168,246,603</b>
<b>Balance at 1 July 2022</b>		<b>120,378,045</b>	<b>21,474,260</b>	<b>(3,903,087)</b>	<b>784</b>	<b>3,828,443</b>	<b>141,778,445</b>
Profit for the period		-	24,684,970	-	-	-	24,684,970
Other comprehensive loss		-	-	(20,721,267)	-	-	(20,721,267)
<b>Total comprehensive income / (loss) for the period</b>		<b>-</b>	<b>24,684,970</b>	<b>(20,721,267)</b>	<b>-</b>	<b>-</b>	<b>3,963,703</b>
Shares issued for cash		2,600,000	-	-	-	-	2,600,000
Shares issued in lieu of fees		716,345	-	-	-	-	716,345
Shares issued in lieu of finance costs		109,375	-	-	-	-	109,375
Share based payments		-	-	-	-	252,920	252,920
Share issue costs		(183,506)	-	-	-	-	(183,506)
<b>Balance at 31 December 2022</b>		<b>123,620,259</b>	<b>46,159,230</b>	<b>(24,624,354)</b>	<b>784</b>	<b>4,081,363</b>	<b>149,237,282</b>

The accompanying notes form part of these Interim Consolidated Financial Statements.

## Challenger Gold Limited

### Interim Consolidated Statement of Cash Flows for the half-year ended 30 June 2023

	Consolidated Half-year ended	Consolidated Six-months ended
	30 June 2023	31 December 2022
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(2,481,255)	(2,756,341)
Interest received	50,090	24,426
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(2,431,165)</b>	<b>(2,731,915)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Receipts from Blue Chip Swaps transactions	3,240,222	6,776,715
Expenditure on exploration	(13,468,813)	(22,451,317)
Expenditure on property, plant, and equipment	(29,146)	(113,241)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(10,257,737)</b>	<b>(15,787,843)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loans received	-	21,835,078
Repayment of loans	(11,063)	(1,220,000)
Proceeds from share issue	10,000,000	2,600,000
Costs of loan facility	-	(841)
Share issue costs	(679,729)	(199,107)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>9,309,208</b>	<b>23,015,130</b>
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,379,694)</b>	<b>4,495,372</b>
Cash and cash equivalents at beginning of the period	15,426,824	10,415,522
Effect of movements in exchange rates on cash held	(34,743)	515,930
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>12,012,387</b>	<b>15,426,824</b>

The accompanying notes form part of these Interim Consolidated Financial Statements.

**Challenger Gold Limited**  
**Notes to the Interim Consolidated Financial Statements**  
**for the half-year ended 30 June 2023**

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**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The Interim Consolidated Financial Statements of Challenger Gold Limited and its controlled entities (the Group) for the half-year ended 30 June 2023 were authorised for issue in accordance with a resolution of the Directors on 13 September 2023.

Challenger Gold Limited is a company limited by shares, incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the Directors' Report.

**1.1 Basis of Preparation**

The Interim Consolidated Financial Statements for the half-year ended 30 June 2023 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001.

The accounting policies and methods of computation adopted by the Group in these Interim Consolidated Financial Statements are consistent with those applied by the Group in its consolidated annual financial statements as at and for the six-month period ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023 disclosed in Note 1.2. As a result of changing the year-end from 30 June to 31 December during the six months ended 31 December 2022, the comparative information for the statement of profit or loss and other comprehensive income and the statement of cash flows is for the six months ended 31 December 2022, being the first six months of the immediately preceding financial year. Comparability with the current period is maintained due to the low seasonality of the Group's operation.

These Interim Consolidated Financial Statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the six-month period ended 31 December 2022 and any public announcements made by Challenger Gold Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim financial statements, the half year has been treated as a discrete reporting period. The Interim Consolidated Financial Statements has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

**1.2 New and revised Standards and Interpretations**

*Standards and Interpretations applicable to 30 June 2023*

The Directors have reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the half-year ended 30 June 2023. It has been determined by the Group that there is no material impact of the new and revised Standards and Interpretations on its business.

*Standards and Interpretations on issue not yet adopted*

The Directors have also reviewed all Standards and Interpretations on issue not yet adopted for the period ended 30 June 2023. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations on issue not yet adopted on the group and, therefore, no change is necessary to Group accounting policies.

**1.3 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.

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**Challenger Gold Limited**  
**Notes to the Interim Consolidated Financial Statements**  
**for the half-year ended 30 June 2023**

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The Group has a net current liability position of \$6,103,627 at 30 June 2023 (31 December 2022: net current liability position of \$4,794,196) and had net cash outflows from operating and investing activities of \$12,688,902 for the six month period ended 30 June 2023 (six-month period ended 31 December 2022: \$18,519,758). The net current liability position as at 30 June 2023 and 31 December 2022 is due to the debentures issued in September 2022 and the associated derivative liability totaling \$16,051,474 being recognised as a current liability. As disclosed in note 7, even though the Debentures are not due until 12 September 2026, they can be converted to equity at any time at the option of the Debenture holder during their term, resulting in the current classification of all debenture related liabilities. The Group has cash and cash equivalents of \$12,012,387 at 30 June 2023 (31 December 2022: \$15,426,824).

The Group will require further funding to progress its exploration projects. Based on the Group's cash flow forecast for the period ended 30 September 2024, the Directors are aware the Group may need to raise additional capital in the next 12 months to enable it to continue its ongoing business activities, including progression of its exploration interests, and pay its debts as and when they fall due.

Based on the Group's demonstrated ability to successfully raise capital from multiple sources, the directors are satisfied that at the date of signing of the financial report, there are reasonable grounds to believe that the Group will be able to raise additional funding, either from debt or equity markets, to enable it to pay its debts as and when they fall due and that it is appropriate for the financial statements to be prepared on a going concern basis.

In the event that all the funding options available to the Group do not transpire and the Group is unable to meet its liabilities by their respective due dates, there is material uncertainty as to whether the Group can continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the interim consolidated financial statements.

The interim consolidated financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that may be necessary should the Group not be able to continue as a going concern.

#### **1.4 Hyperinflation**

The Group's accounting policy in relation to the adoption of AASB 129 *Financial Reporting in Hyperinflationary Economies* (AASB 129) applied in relation to its subsidiary, Golden Mining SA (Argentine peso) is disclosed below:

AASB 129 requires that the financial statements of entities whose functional currency is that of a hyperinflationary economy should be adjusted for the effects of changes in a suitable general price index and should 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 hyperinflationary 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 hyperinflationary economy for accounting periods 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 hyperinflationary 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 the 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 50.7% and 43.1% in the six-month periods ended 30 June 2023 and 31 December 2022, respectively. The effects of the application of AASB 129 are detailed below:

**Statement of financial position**

- a. 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.
- b. 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 2023 and 31 December 2022.
- c. 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**

- d. Income and expenses, which include 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 note 1.4c. 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.
- e. 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.
- f. 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**

- g. 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 are 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 period and the opening equity of the current period. The Group recognised this difference directly in the foreign currency translation reserve in the statement of changes in equity.

**Challenger Gold Limited**  
**Notes to the Interim Consolidated Financial Statements**  
**for the half-year ended 30 June 2023**

**2. SEGMENT REPORTING**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. The Group is managed primarily by the location of its projects. Operating segments are therefore determined on the same basis.

	Australia \$	Ecuador \$	Argentina \$	Consolidated \$
<b>30 June 2023</b>				
<b>For the half-year ended 30 June 2023</b>				
Interest income	50,090	-	-	50,090
Other income / (loss)	4,457,275	-	3,845,853	8,303,128
Total segment income	4,507,365	-	3,845,853	8,353,218
Segment net profit / (loss) before tax	1,106,548	(17,882)	33,371,984	34,460,650
<b>At 30 June 2023</b>				
Total segment assets	64,491,837	26,621,381	102,359,302	193,472,520
Total segment liabilities	17,143,986	385,184	7,696,748	25,225,918
<i>Included within segment assets</i>				
Cash at bank	10,580,422	390,210	1,041,755	12,012,387
Plant and equipment and exploration expenditure	53,700,148	25,391,463	95,373,124	174,464,735
<b>31 December 2022</b>				
<b>For the half-year ended 31 December 2022</b>				
Interest income	24,426	-	-	24,426
Other income	3,417,107	-	7,865,549	11,282,656
Total segment income	3,441,533	-	7,865,549	11,307,082
Segment net profit /(loss) before tax	429,529	(77,586)	26,296,021	26,647,964
Total segment assets	66,136,219	21,367,869	91,823,898	179,327,986
Total segment liabilities	19,403,356	645,856	10,041,492	30,090,704
<i>Included within segment assets</i>				
Cash at bank	14,434,571	715,834	276,419	15,426,824
Plant and equipment and exploration expenditure	51,667,044	20,551,906	82,796,750	155,015,700

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**Challenger Gold Limited**  
**Notes to the Interim Consolidated Financial Statements**  
**for the half-year ended 30 June 2023**

**3. OTHER INCOME**

	<b>Consolidated</b>	
	<b>Half-year ended</b>	<b>Six-months ended</b>
	<b>30 June 2023</b>	<b>31 December 2022</b>
	\$	\$
Interest received	50,090	24,426
Gain on Blue Chip Swaps (a)	3,845,853	7,865,549
Fair value gain on derivative liability (refer note 7)	4,457,275	2,448,501
Foreign exchange gain	-	968,606
<b>Total</b>	<b>8,353,218</b>	<b>11,307,082</b>

(a) In 2019, the Argentine government reinstated 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 is treated as other income or other expenses. The Group holds no Argentinian securities at 30 June 2023 (31 December 2022: nil) and never holds Argentinian securities overnight.

**4. EARNINGS PER SHARE**

The following reflects the data used in the calculations of basic and diluted earnings per share after tax attributable to the shareholders of the Company.

	<b>Consolidated</b>	
	<b>Half-year ended</b>	<b>Six-months ended</b>
	<b>30 June 2023</b>	<b>31 December 2022</b>
	\$	\$
Net profit from continuing operations	34,460,650	24,684,970
Weighted average number of ordinary shares for basic earnings per share (number)	1,076,079,473	1,037,756,808
Basic earnings per share (cents per share)	3.20	2.38
Weighted average number of ordinary shares for diluted earnings per share (number)	1,092,851,900	1,046,529,235
Diluted earnings per share (cents per share)	3.15	2.36

For fully diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of dilutive potential ordinary shares. The Group's potentially dilutive securities consist of share options, performance shares and performance rights.



**Challenger Gold Limited**  
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**for the half-year ended 30 June 2023**

**5. OTHER RECEIVABLES (Non-Current)**

	<b>Consolidated</b>	
	<b>Half-year ended</b>	<b>Six-months ended</b>
	<b>30 June 2023</b>	<b>31 December 2022</b>
	\$	\$
VAT Receivable	6,480,744	7,970,637
Other receivables (Non-Current)	<b>6,480,744</b>	<b>7,970,637</b>

These amounts arise from the usual operating activities of the Group and are non-interest bearing. The debtors do not contain any overdue or impaired receivables.

VAT receivable relates to exploration and evaluation expenditure in Argentina. The Secretary of Mining in Argentina allows the Group to present the VAT recovery only twice during the year and to present claims after 14 months from the date of invoices. All the relevant invoices are currently in the process of being recovered from the Secretary of Mining.

**6. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE**

	<b>Consolidated</b>	
	<b>Half-year ended</b>	<b>Six-months ended</b>
	<b>30 June 2023</b>	<b>31 December 2022</b>
	\$	\$
<i>Exploration and evaluation phase</i>		
Carrying amount at the beginning of period	154,145,647	133,675,262
Adjustment for hyperinflation	27,760,038	23,147,421
Adjustment for foreign exchange	(22,392,106)	(20,723,276)
Exploration expenditure during the period	14,176,809	18,046,240
<b>Carrying amount at the end of period</b>	<b>173,690,388</b>	<b>154,145,647</b>

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

**7. INTEREST BEARING AND DERIVATIVE LIABILITIES**

	<b>Consolidated</b>	
	<b>Half-year ended</b>	<b>Six-months ended</b>
	<b>30 June 2023</b>	<b>31 December 2022</b>
	\$	\$
<b>Current</b>		
Motor Vehicle Loan	31,756	38,740
Debenture - Loan Component	13,653,102	12,189,826
	<b>13,684,858</b>	<b>12,228,566</b>
Derivative financial liability – conversion component	<b>2,398,372</b>	<b>6,855,647</b>
<b>Non-Current</b>		
Motor Vehicle Loan	<b>166,622</b>	<b>259,309</b>

**Challenger Gold Limited**  
**Notes to the Interim Consolidated Financial Statements**  
**for the half-year ended 30 June 2023**

*Convertible Debentures*

The Group issued a USD \$15 million 9% convertible debentures on 6 September 2022. The Debentures are convertible into fully paid equity securities in the share capital of the Group, at the option of the debenture holder, subject to and in accordance with the terms and conditions of the Debenture Agreement between the Group and the debenture holder.

The Debentures are unsecured with a coupon (interest) rate of 9% (7% payable in cash and 2% payable in either cash or Shares, at the debenture holder's election) payable quarterly in arrears. The Share price used to calculate the number of Shares to be issued for the interest component payable in Shares is the 20-day VWAP ending three trading days prior to the interest being payable. The Debentures have a four-year term from closing and will be repayable by the Group upon expiry in September 2026 to the extent not otherwise converted earlier into Shares. Therefore, amounts relating to the Convertible Debentures are classified as current.

The Debentures give the holder option to convert the debenture into equity (being a call option) and the associated potential issue of shares give rise to a variable amount, in Australian dollars, of equity that would be issued by the Group and therefore the debenture fails to meet the requirements to be classified as equity. It was concluded that the Derivative Financial liability – conversion component is not clearly and closely related to the debt host contract and is therefore bifurcated and measured separately. The Derivative Financial liability – conversion component has therefore been accounted as fair value through profit and loss, with the conversion feature dependant on foreign exchange rates and other factors as set out below.

In relation to the conversion feature of the Debentures, management performed a valuation at fair value on initial recognition and at the balance date with the movement in the fair value recognised in the profit or loss. The loan component of Debentures is measured at fair value on recognition and is subsequently measured at amortised cost using the effective interest rate method.

**Valuation of Derivative Financial liability – conversion component**

In relation to the conversion feature of the Debenture, Management performed a valuation at fair value at the balance date using a Binomial pricing model with the movement in the fair value being a decrease recognised in the profit or loss.

**Share Price:** CEL's share price based on the company's closing share price as at 30 June 2023 and 31 December 2022. The significant decrease in the company's share price at 30 June 2023 is the key driver for the significant decrease in the fair value of the conversion component.

**Volatility:** Calculated using implied volatility of 70% for the CEL share price at 30 June 2023 (70% at 31 December 2022);

**Risk free rate:** The Australian 3.25 year bond rate of 4.03% (3.51% at 31 December 2022);

**Dividend yield:** Assumed that the Company will not pay a dividend during the life of the debenture;

**Foreign Exchange:** the interpolated RBA conversion rate of \$0.6630 was used as the conversion rate from USD to AUD (\$0.6775 at 31 December 2022).

**8. TRADE AND OTHER PAYABLES**

	Consolidated	
	Half-year ended	Six-months ended
	30 June 2023	31 December 2022
	\$	\$
<b>Current</b>		
Trade payables and accruals	2,300,906	1,948,499
	<b>2,300,906</b>	<b>1,948,499</b>

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

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**9. ISSUED CAPITAL**

	Consolidated Half-year ended		Consolidated Six-months ended	
	30 June 2023		31 December 2022	
	No.	\$	No.	\$
Issued and fully paid	<b>1,191,115,288</b>	<b>133,196,557</b>	<b>1,045,815,039</b>	<b>123,620,259</b>

**9.1 Ordinary shares on issue**

	Consolidated Half-year ended		Consolidated Six-months ended	
	30 June 2023		31 December 2022	
	No.	\$	No.	\$
At beginning of the period	1,045,815,039	123,620,259	1,027,713,580	120,378,045
Shares issued for cash	83,333,334	10,000,000	13,684,213	2,600,000
Performance shares vesting (a)	60,000,000	-	-	-
Shares issued in lieu of cash	1,966,915	254,097	4,417,246	825,720
Share issue costs	-	(677,799)	-	(183,506)
At the end of the period	<b>1,191,115,288</b>	<b>133,196,557</b>	<b>1,045,815,039</b>	<b>123,620,259</b>

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.

(a) The issue of performance have a nil value as these were valued as part of the Prospectus dated 16 May 2019 as part of the reverse acquisition of AEP Corporation Pty Ltd.

**9.2 Performance shares**

At 30 June 2023, the Group has 60,000,000 Performance Shares over new ordinary shares in the Group were on issue (31 December 2022: 120,000,000 Performance Shares). 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.

	Consolidated	
	30 June 2023	31 December 2022
Performance share – Class A	-	60,000,000
Performance share – Class B	60,000,000	60,000,000
	<b>60,000,000</b>	<b>120,000,000</b>

Class A Performance Shares have the following vesting conditions, which were met in April 2023 and therefore these shares were converted to ordinary shares.

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

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- 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.

**9.3 Performance rights (including incentive performance rights)**

At the date of this report, 46,772,427 Performance Rights over new ordinary shares in the Company were on issue (31 December 2022: 24,772,427 Performance Rights). During the period, 9,500,000 Performance Rights with the same vesting conditions as the Performance Share – Class A as described under 9.2 vested. These vested Performance Rights have not been exercised and no ordinary shares have been issued.

During the period, 22,000,000 Performance Rights were issued and will convert into ordinary shares as follows:

Number of Performance Rights	Milestones
1,000,000	The Company's share price trading on ASX at a volume weighted average price (VWAP) at or above a price of A\$0.30 per share for 20 consecutive trading days on which the Company's shares have actually traded or before 8 February 2024.
1,000,000	The Company's share price trading on ASX at a VWAP at or above a price of A\$0.40 per share for 20 consecutive trading days on which the Company's shares have actually traded or before 8 February 2025.
1,000,000	The Company's share price trading on ASX at a VWAP at or above a price of A\$0.40 per share for 20 consecutive trading days on which the Company's shares have actually traded or before 8 February 2026.
2,500,000	Upon the successful completion of a scoping study that leads to an announcement that the Hualilan Project will progress to a Pre-feasibility study (PFS).
2,500,000	Upon the successful completion of a PFS for the Hualilan Project that leads to an announcement that the Hualilan Project will progress to either a bankable feasibility study (BFS) or a definitive feasibility study (DFS).
2,000,000	Upon the successful completion of a BFS or DFS that leads to an announcement that the Hualilan Project will progress to construction.
2,000,000	Upon the commissioning of a processing plant for the Hualilan Project.
5,000,000	Upon the announcement of a mineral resource estimate for the El Guayabo Project of not less than 20 million ounces of gold equivalent.
5,000,000	Upon the successful completion of either a preliminary economic assessment or scoping study at the El Guayabo Project demonstrating total production of at least 10 million ounces of Gold Equivalent.

The associated expenses of the performance rights issued during the period were not significant for the half-year ended 30 June 2023.

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**9.4 Options**

At 30 June 2023, 10,000,000 unlisted options (31 December 2022: 10,000,000) 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

**10. INCOME TAX**

	Consolidated Half-year ended 30 June 2023	Consolidated Six-months ended 31 December 2022
	\$	\$
Current tax	-	-
Deferred tax	(3,133,177)	1,962,994
Income tax (benefit) / expense	<b>(3,133,177)</b>	<b>1,962,994</b>
The prima facie tax benefit on profit before income tax is reconciled to the income tax expense as follows:		
Net profit before income tax	31,327,472	26,647,964
Prima facie tax benefit on result before income tax at 30% (30 June 2022: 30%)	9,398,242	7,994,389
Add:		
- Share based payments	-	75,876
- Non assessable income – hyper inflation	(13,716,662)	(7,243,864)
- Non-taxable fair value gain	(1,077,533)	(734,550)
- Differences in tax rate of subsidiaries operating in different jurisdictions	1,511,926	1,323,383
- Other deferred tax assets not recognised relating to tax losses	750,850	547,760
Income tax (credit)/expense	<b>(3,133,177)</b>	<b>1,962,994</b>

**11. RELATED PARTY TRANSACTIONS**

During the period, the total aggregate related party transactions for directors' fees, consulting services and reimbursements as provided by key management personnel and their related parties for the half-year ended 30 June 2023 totalled \$464,211 (six-month period ended 31 December 2022 \$407,712). The outstanding balance relating to the above transactions at 30 June 2023 was \$29,583 (31 December 2022: \$50,000).

These transactions have been entered into on normal commercial terms.

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**12. FAIR VALUE MEASUREMENT**

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.

**13. DIVIDENDS**

No dividends have been paid or provided for during the half-year ended 30 June 2023 (six-month period ended 31 December 2022: nil).

**14. SUBSEQUENT EVENTS**

Subsequent to balance date, the Argentine Peso depreciated against the Australian Dollar by more than 25% (1 Australian dollar to Argentine Peso of 0.006 to 0.0044 from 1 July 2023 to 11 September 2023). The currency depreciation would reduce the value of the Group's Argentine Peso nominated assets when it is translated to Australian dollar, being the Group's presentation currency.

On 25 July the Company issued 750,000 ordinary shares to an employee under the Salary Sacrifice Share Plan.

**15. CONTINGENCIES**

The Directors are of the opinion that there are no contingent liabilities or contingent assets as at 30 June 2023.

## Directors' Declaration

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### DIRECTORS' DECLARATION

In the opinion of the Directors of Challenger Gold Limited ('the Company'):

1. The Interim Consolidated Financial Statements and notes thereto of the Group, as set out on pages 21 to 35, are in accordance with the Corporations Act 2001 including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - b. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half-year then ended.
2. Subject to the achievement of the matters disclosed in Note 1.3, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



**Kris Knauer**  
**Managing Director**  
Perth, Western Australia  
13 September 2023

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working world**

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## **Independent auditor's review report to the members of Challenger Gold Limited**

### **Conclusion**

We have reviewed the accompanying half-year financial report of Challenger Gold Limited (the Company) and its subsidiaries (collectively the Group), which comprises the interim consolidated statement of financial position as at 30 June 2023, the interim consolidated statement of profit or loss and other comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply 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 2023 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### **Basis for conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### **Material uncertainty related to going concern**

We draw attention to Note 1(c) in the half-year financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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## Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Ernst & Young



V L Hoang  
Partner  
Perth  
13 September 2023

## ASX Waivers

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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 B Performance Shares on Issue. 60,000,000 Class A Performance Shares on issue at 31 December 2022 were vested during the half-year and were subsequently converted into ordinary shares.

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.

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