



15 December 2010

Manager Announcements  
Company Announcements Office  
Australian Securities Exchange  
10th Floor, 20 Bond Street  
SYDNEY NSW 2000

### Triple Crown Prospect – Drilling Update

The Board of Challenger Energy Ltd (previously Sunset Energy Limited, "the Company") is pleased to provide an update on operations.

Challenger is pleased to announce that the drilling intersected a Gas Sand at a depth of approximately 2 200 ft which resulted in an increase in background gas during drilling and significant spikes in measured gas during connections.

This appears to be an upper Canyon sand and the Company is encouraged by this result as it did not expect to see any significant gas until the Lower Canyon sands were intersected which are expected at ~ 3 500 ft. Further assessment of this zone will be made once logs are run.

As of 6 am Wednesday 15 December the rig is drilling ahead having reached a depth of 2670 ft.

Further updates will be provided as the well progresses.

Yours faithfully,

For and on behalf of Challenger Energy Limited

A handwritten signature in blue ink, appearing to read "Paul Bilston".

Paul Bilston  
Managing Director