



10 January, 2011

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

## Triple Crown Prospect Texas

### Continued gas shows in Canyon Sequence – Ellenburger Intersected

The Board of Challenger Energy Ltd ("Previously Sunset Energy Limited") is pleased to announce that the well being drilled on the Triple Crown Prospect has now intersected the top of the Ellenburger (slightly deeper than expected) at approximately 5800 ft (1767m) having drilled through the Strawn Limestone from 5710ft (1740m) to 5800ft (1767m) MDRT.

Strong ditch gas shows of between 300 – 500 units (3 –5%) were observed in the Lower Canyon sequence down to a depth of 5710ft (1740m) adding another 150 ft (46m) to the 1000 ft (305m) potentially gas charged zone previously reported. Good gas shows of between 200 – 350 units (2 – 3.5%) were observed during drilling in the Strawn and into the top of the Ellenburger.

As a result of losing circulation during drilling with fluid in the top of the Ellenburger (which has now been resolved), a decision has been made to set casing at this point instead of drilling on further into the Ellenburger. As at 9 am this morning the well is at a depth of 5812ft (1771m) MDRT, logging equipment is onsite and logging operations have commenced.

Following wireline logging operations, 7 inch casing will be set, the rig converted to air drilling and it will proceed to drill ahead with air to TD. It is anticipated that the well will intersect at least 2000 ft of Ellenburger Formation.

Further updates will be provided in due course.

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**