



20 May 2011

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

ASX ANNOUNCEMENT
NOTICE UNDER SECTION 708A(5) OF THE CORPORATIONS ACT
[ASX Code: CEL]

This notice is given under paragraph (5)(e) of section 708A of the Corporations Act.

The following securities of Challenger Energy Limited ("the Company") will be issued without disclosure to investors under Part 6D.2 of the Corporations Act:

| | |
|---------------------------------|----------------------------|
| Type: | Ordinary Shares |
| Class/Description: | Ordinary fully paid shares |
| Date of Issue: | 26 May 2011 |
| Number Issued: | 16,666,667 |
| Issue Price per Security | 15 cents per share |

The Company has applied to ASX Limited for quotation of the above shares.

As at the date of this notice, the Company has complied with:

- (a) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
- (b) section 674 of the Corporations Act.

Other information which is excluded information required to be disclosed under paragraph (6)(e) of section 708A of the Corporations Act: None.

For and on behalf of Challenger Energy Limited

A handwritten signature in black ink, appearing to read 'Adrien Wing'.

Adrien Wing
Company Secretary

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

Challenger Energy Limited

ABN

45 123 591 382

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Ordinary shares (CEL) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 16,666,667 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Same as existing ordinary shares, upon issue |

+ See chapter 19 for defined terms.

| | |
|--|--|
| <p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | <p>Yes</p> |
| <p>5 Issue price or consideration</p> | <p>15 cents</p> |
| <p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p> | <p>Further development of Triple Crown project and other working capital</p> |
| <p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p> | <p>26 May 2011</p> |

| | | | |
|----|---|-------------|---|
| 8 | Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable) | Number | Class |
| | | 214,021,002 | Fully Paid Ordinary Shares |
| | | 105,222,171 | Options (20c, 30 June 2012) |
| 9 | Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable) | Number | +Class |
| | | 3,500,000 | Options (10c, 30 June 2012) |
| | | 2,000,000 | Director A options (25c, 28 Feb 2013) |
| | | 2,000,000 | Director B options (35c, 28 Feb 2015) |
| | | 500,000 | Employee A options (25c, 1 Feb 2014) |
| | | 1,500,000 | Employee B options (25c, 1 Feb 2014 vesting based on the Company booking certified 2P reserves of 75 PJ (or equivalent)) |
| | | 2,000,000 | Employee B options (35c, 1 Feb 2015 vesting based on the Company booking certified 2P reserves of 150 PJ (or equivalent)) |
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | N/A | |

Part 2 - Bonus issue or pro rata issue

Not applicable

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

+ See chapter 19 for defined terms.

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought
- 39 Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?
- If the additional securities do not rank equally, please state:
- the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
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41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

| | Number | +Class |
|----|--|--------|
| 42 | Number and +class of all +securities quoted on ASX (including the securities in clause 38) | |
| | | |

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

+ See chapter 19 for defined terms.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:

Date: 20 May 2011

(Company Secretary)

Print name:

Adrien Wing

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