



17th October 2011

## **ASX release**

### **Operations Update at Triple Crown**

- ***Operation underway***
- ***Successfully set whipstock and has commenced milling the casing window***

17 October 2011: Challenger Energy Ltd ("Challenger") is pleased to provide the following update on its operations at the Triple Crown Prospect.

As of Monday 17<sup>th</sup> of October, the program was moving forward with the rig commencing milling of the casing window, from which the new side-track hole will start from.

The cement bond log has been run and showed the well had good integrity. A whipstock has been set, which is providing the platform for the mill to "cut" the window in the casing.

The following step in the program is to drill through the shale building angle from vertical to close to horizontal, to enable a horizontal lateral to be drilled through the Ellenburger to maximise the chance of intersecting vertical fractures.

As previously advised, the planned testing program includes a sidetrack from the existing wellbore to test the Ellenburger Formation (OGIP of 1.6 TCF) and secondly a hydraulic fracture stimulation of one of the intervals in the "Hybrid Zone" that demonstrated high (8-10%) mud log gas shows during drilling. This Hybrid Zone has been calculated to have an OGIP of 7.4 TCF.

Further updates will be provided in due course.

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#### **About Challenger**

Challenger Energy Limited is a public company listed on the Australian Stock Exchange (ASX:CEL) with a growing portfolio of exciting Oil and Gas exploration opportunities in South Africa and the USA.

Challenger's strategy is to utilise its network of global contacts to identify and acquire material upstream oil and gas exploration opportunities at a low entry cost which enables it to focus its exploration expenditure on drilling wells and other direct expenditure.

Challenger is targeting opportunities where it can act as operator, and which have significant scale and materiality (more than 1 TCF of gas or 10 Million bbl of Oil). The scale of these opportunities provides potentially significant upside for the company.

## **Forward Looking Statements**

This announcement contains “forward-looking statements”. Such forward-looking statements include, without limitation: estimates of future earnings, the sensitivity of earnings to oil & gas prices and foreign exchange rate movements; estimates of future oil & gas production and sales; estimates of future cash flows, the sensitivity of cash flows to oil & gas prices and foreign exchange rate movements; statements regarding future debt repayments; estimates of future capital expenditures; estimates of reserves and statements regarding future exploration results and the replacement of reserves; and where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to oil and gas price volatility, currency fluctuations, increased production costs and variances in reserves or recovery rates from those assumed in the company’s plans, as well as political and operational risks in the countries and states in which we operate or sell product to, and governmental regulation and judicial outcomes. For a more detailed discussion of such risks and other factors, see the Company’s Annual Reports, as well as the Company’s other filings. The Company does not undertake any obligation to release publicly any revisions to any “forward looking statement” to reflect events or circumstances after the date of this release, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.