



15 May 2012

Securityholder Reference Number
(SRN)/Holder Identification Number (HIN):

<<Reg Line 1>>

<<Reg Line 2>>

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<<X/1999999999>>

Number of Options held as at 15 May 2012:

<<options>>

Dear Optionholder

OPTION EXPIRY NOTICE

The directors of Challenger Energy Limited wish to advise that the final date for exercising the Company's listed options (ASX Code: CELO) is 5:00 pm Australian Eastern Standard Time (AEST) on 30 June 2012. The exercise price is A\$0.20 (20 cents) per Option and for every Option exercised, the Optionholder will be issued with one Ordinary Share in Challenger Energy Limited.

Options not exercised by 5:00 pm 30 June 2012 will automatically lapse and will no longer be available for exercise. Quotation of Options on the ASX will cease at the close of trading on 22th June 2012.

To convert Options to Ordinary shares (Exercise of Options) the enclosed Option Exercise form must be completed and forwarded with payment to Challenger Energy Limited at Level 17, 500 Collins Street, Melbourne VIC 3000. Cheques must be received by Challenger Energy Limited before 5:00pm AEST on 30 June 2012 and be in Australian currency and made payable to "Challenger Energy Limited".

The following information is supplied for your consideration in respect of the Company's full paid ordinary shares as traded on the ASX:

1. **12 month high:** 2 June 2011 and 29 July 2011 at A\$0.15 (15.0 cents):
2. **12 month low:** 15 May 2012 at A\$0.038 (3.8 cents):
3. **Latest share price as at the date of this notice:** A\$0.038 (3.8 cents)

Yours faithfully

A handwritten signature in blue ink, appearing to read "Adrien Wing", is written over a horizontal line.

Adrien Wing
Company Secretary