



23 November 2012

Dale Allen  
ASX Limited  
Level 8, Exchange Plaza  
2 The Esplanade  
Perth WA 6000

Dear Dale

Challenger Energy Limited ("Challenger Energy" or "the Company") is in receipt of your letter dated 20 November 2012 regarding the Company's Quarterly Report in the form of an Appendix 5B for the period ended 30 September 2012.

The Company responds to your questions as follows:

1. The Company expects to rely on a mixture of its existing cash resources, the potential for addition funds to be injected into the company via a farm-out of its Cranemere project or the sale of Maricopa and its ability to raise funds to fund its current activities.

As previously advised to the market, the company has made significant progress in negotiations with various parties with respect to a farm-out of its Cranemere project, and further is continuing discussions with a number of parties with respect to the sale of its Maricopa asset. In addition the Company will reserve its right to raise further funds from the placement of equity securities, including the utilisation of 7.1 and 7.1A of the Listing Rules. The Company will also consider other fund raising alternatives such as debt or hybrid instruments.

In light of the above factors, the Company believes that it will have sufficient cash to fund its activities;

2. The Company expects to have similar negative operating cashflow in this quarter relative to the previous quarter. Refer to "1" above for further information of the Company ensuring that it will have sufficient funds to continue its operations;
3. The Company's Board and Management continue to be focused on meeting its current objectives and are cognisant of the funding requirements to meet these objectives ;
4. The Company can confirm that it is in compliance with ASX Listing Rules, in particular, Listing Rule 3.1;
5. The Company continues to develop its existing assets, along with seeking other new opportunities. The Company believes that its existing levels of operation warrant the continued quotation of the entities securities.

The Company continues to adhere with Listing Rule 12.2.

Yours faithfully,

For and on behalf of Challenger Energy Limited

A handwritten signature in black ink, appearing to read "Adrien Wing", with a horizontal line underneath.

**Adrien Wing**  
**Company Secretary**



ASX Compliance Pty Limited  
ABN 26 087 780 489  
Level 8 Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

GPO Box D187  
PERTH WA 6840

Telephone 61 8 9224 0000  
Facsimile 61 8 9221 2020  
[www.asx.com.au](http://www.asx.com.au)

20 November 2012

Adrien Wing  
Company Secretary  
Challenger Energy Ltd

*By email: [amwing@northernstargroup.com.au](mailto:amwing@northernstargroup.com.au)*

Dear Adrien

**Challenger Energy Ltd (the "Company")**

I refer to the Company's Quarterly Cash Flow Report in the form of Appendix 5B for the quarter ended 30 September 2012, released to ASX Limited ("ASX") on 31 October 2012, (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales and related debtors of nil.
2. Payments for exploration and evaluation of \$192,000.
3. Negative operating cash flows for the quarter of \$379,000.
4. Cash at end of quarter of \$155,000.

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.1.

6. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on **facsimile number (08) 9221 2020** or **email [dale.allen@asx.com.au](mailto:dale.allen@asx.com.au)**. It should not be sent to ASX Market Announcements.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **5:00pm (WST) on Friday 23 November 2012**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries please let me know.

Yours sincerely,

*[sent electronically without signature]*

Dale Allen  
**Adviser, Listings (Perth)**