

19 May 2014

RIGHTS ISSUE SHORTFALL NOTICE

Challenger Energy Limited (ASX: CEL) (Challenger) refers to its pro rata non-renounceable rights issue (Rights Issue) of one (1) Option for every five (5) Shares held, with an issue price of \$0.015 (1.5 cents) per Option announced to the market on 9 April 2014.

The Rights Issue was fully underwritten by Novus Capital Limited.

This notice is given in accordance with Appendix 7A of the ASX Listing Rules.

The Directors of Challenger are pleased to announce that the Rights Issue closed on 14 May 2014 and will raise a total of \$988,447 (before costs and expenses and subject to receipt of subscription monies from the underwriter).

Challenger received valid acceptances for 44,916,960 new options.

The total shortfall under the Rights Issue was 20,979,542 new options (Shortfall Options). All Shortfall Options will be allocated to Novus Capital in accordance with the underwriting agreement.

The allotment and issue of new options to accepting shareholders and the underwriter will occur on 22 May 2014. Holding statements for the new options will be despatched shortly thereafter.

Net proceeds from the Rights Issue will be applied as described in the Offer Memorandum lodged with ASX on 9 April 2014.

The Directors of Challenger would like to express their thanks for the support provided by participants in the capital raising.

If you have any queries concerning the Rights Issue, please contact your financial adviser or Adrien Wing, Challenger Energy Limited's Company Secretary, on +61 3 9614 0600.

Yours sincerely



Robert Willes
Managing Director
Challenger Energy Ltd