

**27 October 2014**

## **South African Government to proceed with processing Exploration Right application**

PERTH: Unconventional gas explorer Challenger Energy (ASX code: CEL, CELO) is pleased to announce that its subsidiary Bundu Gas and Oil Exploration Pty Ltd (Bundu) has been advised by the Petroleum Agency SA (PASA) that a decision has been taken to proceed with processing Bundu's application for a shale gas Exploration Right in South Africa's Karoo Basin.

Significant time has elapsed since the application was submitted in 2010, and it is important that the documentation is up to date. PASA has requested that Bundu review and augment its Environmental Management Programme (EMPr) where necessary. In accordance with the Mineral and Petroleum Resources Development Act 2002, Bundu is required to notify and consult with affected communities and parties in respect of any such revisions. Bundu has been requested to complete this process by 27<sup>th</sup> February 2015.

Challenger Managing Director Robert Willes said: "This is very significant and positive news. The applications for shale gas exploration rights have been on hold since 2011, so the decision to proceed with the processing of Bundu's application represents a major milestone and signals that the South African Government is ready to move forward with the exploration and appraisal of this potentially vital national resource. We are greatly encouraged by this development, and look forward to engaging with local communities and stakeholders."

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*CHALLENGER ENERGY (ASX code: CEL, CELO) is focused on the fast-emerging, world-scale shale gas province in South Africa's Karoo Basin. The Karoo is strategic, and central to the South African Government's agenda, given the country's power crisis and need for economic growth, jobs and infrastructure development. Through its South African subsidiary, Bundu Gas and Oil Exploration Pty Ltd, Challenger was first to recognise this opportunity and to apply for exploration rights in the Karoo - and has since been followed by Shell and Falcon Oil and Gas, which has brought Chevron in as a joint venture partner.*

*Petroleum Agency SA (<http://www.petroleumagency.com>) promotes exploration for onshore and offshore oil and gas resources and their optimal development on behalf of government. The Agency regulates exploration and production activities, and acts as the custodian of the national petroleum exploration and production database.*