

2 March 2015

Bundu lodges updated Environmental Management Programme

PERTH: Unconventional gas explorer Challenger Energy (ASX code: CEL, CELO) is pleased to advise that in compliance with a directive issued by the Director-General of the Department of Mineral Resources of the Republic of South Africa, its subsidiary Bundu Gas and Oil Exploration Pty Ltd (Bundu) lodged an updated Environmental Management Programme (EMPr) with the regulator, Petroleum Agency South Africa (PASA) on Friday 27 February. This follows a process that included a further round of public consultation in respect of its application for a shale gas exploration right in South Africa's Karoo Basin.

Challenger Managing Director Robert Willes said: "This marks both the completion of a very significant body of work, and the first step in what we anticipate will be an ongoing dialogue with local communities and stakeholders once exploration rights have been awarded.

"We would like to thank everyone in all of the affected communities who took part, for contributing their views and sharing their concerns. This input has informed the further development of the EMPr."

The Minister now has 120 days to consider whether to approve Bundu's EMPr. Challenger anticipates that a decision may be taken on Bundu's exploration right application in the second or third quarter of 2015.

The recent announcement by Nhlanhla Nene, Minister of Finance, in the 2015 Budget Speech that the Government will allocate R108 million to "research and regulatory requirements for licensing shale gas exploration and hydraulic fracturing" reinforces the Government's commitment to moving forward with shale gas exploration in South Africa.

Bundu's updated EMPr, which includes a report on the public consultation process is available on Golder's website at:

http://www.golder.com/af/en/modules.php?name=Pages&sp_id=1793

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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.