

31 March 2016

CHALLENGER ENERGY LTD

(ASX: CEL)

To: Australian Securities Exchange Limited

Notice Pursuant to Section 708A(5)(e) of the Corporations Act

Challenger Energy Ltd (the **Company**) gives notice pursuant to section 708A(5)(e) of the *Corporations Act 2001* (Cth) as follows:

- (a) On 24 March 2016, the Company issued 32,767,918 fully paid ordinary shares in the Company.
- (b) The shares were issued without disclosure to investors under Part 6D.2 of the Corporations Act.
- (c) As at the date of this notice the Company has complied with:
 - The provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
 - Section 674 of the Corporation Act.
- (d) As at the date of this notice there is no excluded information required to be disclosed under 708A(6)(e) of the Corporations Act.

Of the 32,767,918 shares issued, 2,767,918 were issued pursuant to Listing Rule 7.1 with the remaining 30,000,000 shares issued pursuant to Listing Rule 7.1A.

Information provided pursuant to Listing Rule 3.10.5A

The Company issued 30,000,000 shares under its 10% capacity under Listing Rule 7.1A ("**Capacity Shares**").

As required under Listing Rule 3.10.5A, the Company provides the following information:

a) the dilutive effect on existing shareholders of the Capacity Shares is as follows:

Number of Share on issue prior to Share Placement	352,025,933
Shares issued under Listing Rule 7.1 (Share Placement)	2,767,918
Shares including those issued under Listing Rule 7.1 of Share Placement	354,793,851
Shares issued under Listing Rule 7.1A (Capacity Shares)	30,000,000
Dilution as a result of issue under Listing Rule 7.1A	8.45%
Total number of shares now on issue	384,793,851

b) The issue price of the shares was 3.0 cents (\$0.03), representing a 14.61% discount to the volume weighted average price for the 15 days on which trades of the Company's shares were recorded on ASX ending on 23 March 2016, being the trading day before the day on which the securities were issued. The issue price was a 16.66% discount to the closing price on 23 March 2016 of \$0.036 (3.6 cents).

- c) The Share Placement was undertaken by the Company following identification of demand for shares by sophisticated and professional investors. The Share Placement was considered the most efficient and effective method of meeting the Company's requirements to fund the costs for progressing the licence application process in South Africa, working capital and the cost of the offer;
- d) There was no underwriting agreement in relation to the Share Placement; and
- e) No fees were payable in respect of the Share Placement.

For and behalf of Challenger Energy Ltd



Adrien Wing

CHALLENGER ENERGY LTD

Company Secretary

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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.