

9 April 2014

Challenger Energy offers shareholders “loyalty” options

Challenger Energy Limited (**CEL**, the **Company**), an ASX-listed junior energy company with unique exposure to South Africa’s emerging shale gas sector, today announced a loyalty options issue to all shareholders. Based on the current capital structure of the Company, Challenger expects to issue up to 65,896,502 Options pursuant to the Offer, to raise approximately \$1 million before costs, and will apply for the Options to be quoted by ASX.

The loyalty issue is a fully underwritten, non-renounceable entitlement issue for Shareholders of the Company registered in Australia and New Zealand as at 5.00pm (WST) on 24 April 2014 (**Eligible Shareholders**). The Company is offering Eligible Shareholders one (1) Option for every five (5) Shares held at an issue price of \$0.015 (1.5 cents) per Option, exercisable at \$0.20 each and expiring 30 June 2016 (the **Offer**).

Managing Director Robert Willes said in assessing alternate capital raising structures, the Board had preferred a ‘loyalty’ option.

“We have had tremendous support from our shareholders. As we anticipate the grant of Challenger subsidiary Bundu Energy Limited’s exploration right for the Cranemere Project in South Africa, we considered it appropriate to structure this capital raising to their benefit,” he said.

Funds raised under the Offer will go towards:

- *funding the Company’s continuing work in support of its subsidiary’s application for the Exploration Right for the Cranemere Shale Gas Project in South Africa;*
- *developing further business opportunities relating to the project;*
- *working capital; and*
- *covering the expenses of the Offer.*

The Offer is fully underwritten by Novus Capital Limited.

Further details of the Offer, including details on how to accept the Offer, and key risks of the Offer, together with a summary of the key terms of the underwriting agreement, are set out in the prospectus released to the ASX today and to be sent to shareholders on 30 April 2014.

Outlined below is a timetable of relevant events and dates relating to the Offer. These events and dates are indicative only and subject to change. Subject to the ASX Listing Rules, the Corporations Act and other applicable laws, the Company's Board reserves the right to modify all dates, including the Offer closing date.

Lodgement of Prospectus with ASIC and the ASX	Wednesday, 9 April 2014
Notice sent to Optionholders	Wednesday, 9 April 2014
Notice sent to Shareholders	Friday, 11 April 2014
Ex date	Wednesday, 16 April 2014
Record Date for determining Entitlements	5.00pm (WST) Thursday, 24 April 2014
Prospectus sent to Shareholders & Company announces this has been completed	Wednesday, 30 April 2014
Closing Date*	Wednesday, 14 May 2014
Securities quoted on a deferred settlement basis	Thursday, 15 May 2014
ASX notified of under subscriptions	Monday, 19 May 2014
Issue date/Shares entered into Shareholders' security holdings	Thursday, 22 May 2014
Quotation of Options issued under the Offer*	Friday, 23 May 2014

Application for Options under the Offer may only be made by completing the Application Form which accompanies the prospectus. Shareholders eligible to participate in the Offer should read the prospectus carefully and consult professional advisers as necessary.

Any enquiries regarding the Offer should be directed to Challenger Energy Limited's company secretary, Adrien Wing, on +61 3 9614 0600.

ENDS

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CHALLENGER ENERGY (ASX code: CEL) 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.