Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Vice-President, Finance and Chief Financial Officer of the Corporation, at Suite 200, 744-4th Avenue S.W., Calgary, Alberta, T2P 3T4 (telephone (403) 503-8810) and are also available electronically at www.sedar.com.*

PRELIMINARY SHORT FORM PROSPECTUS

New Issue December 21, 2007

CHALLENGER ENERGY CORP.

$3,375,049

1,875,027 Special Warrant Common Shares issuable upon the exercise or deemed exercise of 1,875,027 previously issued Special Warrants

This short form prospectus qualifies the distribution of 1,875,027 common shares ("**Special Warrant Common Shares**") of Challenger Energy Corp. ("**Challenger**" or the "**Corporation**") issuable, without additional consideration, upon the exercise of 1,875,027 special warrants ("**Special Warrants**") of the Corporation issued on November 29, 2007 (the "**Closing Date**") at a price of Cdn.$1.80 per Special Warrant. See "*Plan of Distribution*" and "*Details of the Offering*".

The Special Warrants were issued to purchasers resident outside Canada pursuant to prospectus exemptions under applicable securities legislation (the "**Offering**"). The Offering was completed pursuant to various subscription agreements dated November 14, 2007 between the Corporation and the purchasers of the Special Warrants and in accordance with an agency agreement (the "**Agency Agreement**") dated November 14, 2007 between the Corporation and Pritchard Capital Partners, L.L.C. (the "**Agent**"). The price of the Special Warrants was determined by negotiation between the Corporation and the Agent. The Special Warrants were sold at a price of $1.80 per Special Warrant, for gross proceeds of $3,375,049.

Each Special Warrant entitles the holder thereof to acquire, without additional consideration, one Special Warrant Common Share during the period commencing on the date of issue of the Special Warrant and ending at 5:00 pm (Calgary time) (the "**Special Warrant Expiry Time**") on the earlier of: (a) the third business day after the date of the final receipt or final Mutual Reliance Review System Decision Document issued for the final prospectus relating to, *inter alia*, the distribution of the Special Warrant Common Shares by the Alberta Securities Commission; and (b) the date which is four months plus one day following the Closing Date (the "**Special Warrant Expiry Date**"). Any Special Warrants not exercised prior to the Special Warrant Expiry Time on the applicable Special Warrant Expiry Date will be deemed to have been exercised immediately prior to the Special Warrant Expiry Time on the applicable Special Warrant Expiry Date without any further action on the part of the holder. See *"Plan of Distribution"*.

The outstanding common shares of Challenger (the "**Common Shares**") are listed on the TSX Venture Exchange (the "**TSXV**") and the American Stock Exchange (the "**AMEX**") under the symbol "CHQ". On the Closing Date, the closing price of the Common Shares on the TSXV was Cdn. $1.07 and on the AMEX it was U.S. $1.76. On November 13, 2007, the last trading day prior to the public announcement of this distribution, the closing price of the Common Shares on the TSXV was $1.96 per Common Share and on the AMEX it was U.S. $2.01. The TSXV has conditionally approved the listing of the Special Warrant Common Shares offered hereunder. Listing is subject to the Corporation fulfilling all of the listing requirements of the TSXV. **The Special Warrants will not be listed on any stock exchange and, accordingly, there is no market through which such securities may be sold and purchasers may not be able to resell such securities. See "Risk Factors".**

	Price to Public	**Agent's Fee**(1),(2)	**Net Proceeds to the Corporation**(3)
Per Special Warrant	$1.80	$0.11	$1.69
Total Offering	$3,375,049	$0.11	$3,172,546

Notes:

(1) The Corporation paid an agency fee (the "**Agency Fee**") to the Agent equal to 6% of the aggregate gross proceeds received by the Corporation on the sale of the 1,875,027 Special Warrants.

(2) Before deducting the expenses of this distribution which is estimated to be Cdn. $50,000 which, together with the Agency Fee in Note (1), will be paid by the Corporation. See *"Plan of Distribution"*.

(3) The distribution of the Special Warrant Common Shares on exercise or deemed exercise of the Special Warrants will not result in any proceeds being realized by the Corporation.

Certain legal matters relating to the distribution of the Special Warrant Common Shares will be passed upon by McCarthy Tétrault LLP on behalf of the Corporation. Definitive certificates for the Special Warrant Common Shares will be available for delivery upon exercise or deemed exercise of the Special Warrants. All dollar amounts herein are expressed in Canadian dollars unless otherwise noted.

No underwriter has been involved in the preparation of the short form prospectus or performed any review of the contents of the short form prospectus.

Challenger's head office is located at Suite 200, 744 – 4th Avenue S.W., Calgary, Alberta, T2P 3T4, and its registered office is located at 1400, 350-7th Avenue S.W., Calgary, Alberta, T2P 3N9.

All references to "$" are to Canadian dollars and all references to U.S.$ are to United States dollars.

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ELIGIBILITY FOR INVESTMENT

In the opinion of McCarthy Tétrault LLP, counsel to the Corporation, based on the provisions of the *Income Tax Act* (Canada) (the "**Tax Act**"), the regulations thereunder and the proposals to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, provided that the Common Shares are listed on a prescribed stock exchange (which includes the TSXV and the AMEX) at a particular time and subject to the provisions of any particular plan, the Special Warrant Common Shares underlying the Special Warrants, if issued on the date hereof, would, be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans (collectively, "**registered plans**").

NOTE REGARDING FORWARD LOOKING STATEMENTS

This short form prospectus and the documents incorporated by reference herein contain forward looking statements. These statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact may be forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", or the negative of these terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially. In addition, this short form prospectus and the documents incorporated by reference herein may contain forward-looking statements attributed to third party industry sources. Undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Forward-looking statements in this short form prospectus and the documents incorporated by reference herein include, but are not limited to, statements with respect to:

- the use of proceeds from the Offering;
- drilling inventory, drilling plans and timing of drilling, re-completion and tie-in of wells;
- plans for facilities construction and completion and the timing and method of funding thereof;
- productive capacity of wells, anticipated or expected production rates and anticipated dates of commencement of production;
- drilling, completion and facilities costs;
- results of various projects of the Corporation;
- timing of receipt of regulatory approvals;
- effect of production increases on operating costs per BOE;
- ability to lower cost structure in certain projects of the Corporation;
- growth expectations within the Corporation;
- timing of development of undeveloped reserves;
- the tax horizon and taxability of the Corporation;
- supply and demand for oil, natural gas liquids and natural gas;
- the performance and characteristics of the Corporation's oil and natural gas properties;
- the Corporation's acquisition strategy, the criteria to be considered in connection therewith and the benefits to be derived therefrom;
- the impact of Canadian federal and provincial governmental regulation on the Corporation relative to other oil and gas issuers of similar size;
- realization of the anticipated benefits of acquisitions and dispositions;
- weighting of production between different commodities;
- expected levels of royalty rates, operating costs, general and administrative costs, costs of services and other costs and expenses;
- capital expenditure program and the timing and method of financing thereof; and
- treatment under government regulation and taxation regimes.

Although the Corporation believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Corporation cannot guarantee future results, levels of activity, performance, or achievements. Moreover, the Corporation nor any other person assumes responsibility for the outcome of the forward-looking statements. Some of the risks and other factors, some of which are beyond the Corporation's control, which could cause results to differ materially from those expressed in the forward-looking statements contained in this short form prospectus and the documents incorporated by reference herein include, but are not limited to:

- general economic conditions in Canada, the United States and globally;
- industry conditions, including fluctuations in the price of oil, natural gas liquids and natural gas;
- risks associated with operating in developing countries, political and regulatory instability;
- security issues in developing countries;
- title risk to properties in developing countries;
- liabilities inherent in oil and natural gas operations;
- governmental regulation of the oil and gas industry, including environmental regulation;
- fluctuation in foreign exchange or interest rates;
- geological, technical, drilling and processing problems and other difficulties in producing reserves;
- unanticipated operating events which can reduce production or cause production to be shut in or delayed;
- failure to realize anticipated benefits of acquisitions;
- failure to obtain industry partner and other third party consents and approvals, when required;
- stock market volatility and market valuations;
- competition for, among other things, capital, acquisitions or reserves, undeveloped land and skilled personnel;
- risks related to having non-Canadian assets and management;
- competition for and inability to retain drilling rigs and other services;
- the need to obtain required approvals from regulatory authorities; and
- the other factors considered under “Risk Factors” in this short form prospectus and in the AIF (as herein defined), which is incorporated by reference herein, and the other risk factors identified in the other documents incorporated herein by reference.

These factors should not be considered as exhaustive. Statements relating to “reserves” or “resources” are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future. Readers are cautioned that the foregoing list of factors is not exhaustive. **The forward-looking statements contained in this short form prospectus and the documents incorporated by reference herein are expressly qualified by this cautionary statement. The Corporation is not under any duty to update or revise any of the forward-looking statements except as expressly required by applicable securities laws.**

Disclosure provided herein in respect of barrels of oil equivalent (“BOEs”) may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Vice-President, Finance and Chief Financial Officer of the Corporation, at Suite 200, 744 – 4th Avenue S.W., Calgary, Alberta, T2P 3T4 (telephone (403) 503-8810) and are also available electronically through the SEDAR website at www.sedar.com.

The following documents of the Corporation, filed with the various provincial securities commissions or similar authorities in Canada, are specifically incorporated into and form an integral part of this short form prospectus:

(a) the revised annual information form dated May 15, 2007 for the year ended December 31, 2006 (the "**AIF**");

(b) the material change report dated January 26, 2007 in respect of the final approval for the listing of the Common Shares on AMEX;

(c) the audited financial statements as at and for the years ended December 31, 2006 and 2005, together with the notes thereto and the auditors' report thereon;

(d) management's discussion and analysis of financial condition and results of operations for the years ended December 31, 2006 and 2005 dated as at March 23, 2007;

(e) the information circular – proxy statement dated May 15, 2007, relating to the annual meeting of the shareholders held on June 27, 2006;

(f) the unaudited consolidated interim financial statements as at and for the three and nine months ended September 30, 2007, together with the notes thereto;

(g) management's discussion and analysis of financial condition and results of operations for the three and nine months ended September 30, 2007 dated as at November 13, 2007;

(h) the material change report dated August 16, 2007 in respect of Neil Mackenzie's resignation as Chief Executive Officer of the Corporation and Dan MacDonald appointment as the Chief Executive Officer; and

(i) the material change report dated December 10, 2007 relating to the Offering.

Any documents of the type required by National Instrument 44-101 to be incorporated by reference in a short form prospectus filed by the Corporation with the securities commissions or similar authorities in Canada after the date of this short form prospectus and before the termination of this distribution, are deemed to be incorporated by reference into this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.

The Special Warrants and Special Warrant Common Shares, have not been and will not be registered under the *United States Securities Act of 1933*, as amended (the "**U.S. Securities Act**"), and may not be offered, sold or delivered in the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S under the U.S. Securities Act) except in certain transactions exempt from the registration requirements of the U.S. Securities Act and state securities laws. See *"Plan of Distribution"*.

CHALLENGER ENERGY CORP.

Challenger is a Canadian corporation that was created upon the amalgamation of Challenger Energy Corp. ("**Oldco**") and Global Energy Express Inc. ("**Global**") on December 1, 2005 pursuant to the provisions of the *Canada Business Corporations Act.* Challenger's head office is located at Suite 200, 744 – 4th Avenue S.W., Calgary, Alberta, T2P 3T4, and its registered office is located at 1400, 350 –7th Avenue S.W., Calgary, Alberta, T2P 3N9.

Oldco was incorporated on August 6, 2004 pursuant to the provisions of the *Canada Business Corporations Act*.

Global was incorporated on April 17, 1997 pursuant to the provisions of the *Business Corporations Act* (Alberta) as 691677 Alberta Ltd. On April 14, 1998, Global amended its articles to change its name to Universal Star Ventures Corporation. Effective June 16, 2005, Global further amended its articles to consolidate its outstanding common shares on the basis of one post consolidation common share for each five pre-consolidation common shares and to change the name of the company to Global Express Energy Inc.

Challenger has one wholly-owned subsidiary, Challenger Energy Trinidad and Tobago Ltd., a company incorporated under the laws of Trinidad and Tobago.

PLAN OF DISTRIBUTION

This short form prospectus qualifies the distribution of 1,875,027 Special Warrant Common Shares issuable upon the exercise or deemed exercise of 1,875,027 previously issued Special Warrants.

The Offering

On the Closing Date, the Corporation completed the private placement of 1,875,027 Special Warrants at a price of $1.80 per Special Warrant resulting in gross proceeds of $3,375,049 pursuant to prospectus exemptions under applicable securities legislation in accordance with the terms of the Agency Agreement. The Agency Agreement provided that the Corporation would pay to the Agent the Agency Fee.

The obligations of the Corporation and the Agent under the Agency Agreement were terminable with or without cause at any time without liability or continuing obligations, other than compensation paid under the Agency Agreement and reasonable expenses incurred by the Agent to the date of termination, upon written notice to the other party. In addition, upon termination, the Corporation had agreed to compensate the Agent on the occurrence of certain events.

The issue price of $1.80 per Special Warrant was determined by negotiation between the Corporation and the Agent. The Agent has not acquired any of the Special Warrants.

Each Special Warrant entitles the holder thereof to acquire, without additional consideration, one Special Warrant Common Share during the period commencing on the date of issue of the Special Warrant and ending at the Special Warrant Expiry Time on the earlier of: (a) the third business day after the date of the final receipt or final Mutual Reliance Review System Decision Document issued for the final prospectus relating to, *inter alia*, the distribution of the Special Warrant Common Shares by the Alberta Securities Commission; and (b) the Special Warrant Expiry Date. Any Special Warrants not exercised prior to the Special Warrant Expiry Time on the applicable Special Warrant Expiry Date will be deemed to have been exercised immediately prior to the Special Warrant Expiry Time on the applicable Special Warrant Expiry Date without any further action on the part of the holder. Each Special Warrant entitles the holder thereof to acquire, for no additional consideration, one Special Warrant Common Share at any time prior to the Special Warrant Expiry Time on the Special Warrant Expiry Date. Any Special Warrants not exercised prior to the Special Warrant Expiry Time on the Special Warrant Expiry Date will be deemed to have been exercised immediately prior thereto without any further action on the part of the holder. No fractional Special Warrant Common Shares will be issued. As of the date of this short form prospectus, no Special Warrants have been exercised. The Special Warrants may not be exercised, and the Special Warrants and Special Warrant Common Shares may not be offered, sold or otherwise transferred in the United States or by or on behalf of a U.S. person unless an exemption from the registration requirements in the U.S. Securities Act and applicable state securities laws is available to the holder. The foregoing is a summary only of the terms of the Special Warrants and is qualified by the more detailed provisions of the warrant certificate for the Special Warrants.

Expenses of the Offering

Total expenses, excluding the Agency Fee estimated at $50,000 relating to the Offering, including the preparation of this short form prospectus, will be paid by the Corporation. No additional commissions or fees will be paid to the Agent in connection with the issuance of the Special Warrant Common Shares. The proceeds of the Offering were released to the Corporation on or about the Closing Date.

The Special Warrants will not be listed on any stock exchange and as a result there will be no market through which the Special Warrants may be sold and none is expected to develop.

The TSXV has conditionally approved the listing of the Special Warrant Common Shares. Listing is subject to the Corporation fulfilling all the requirements of the TSXV. The AMEX has approved the listing of the Special Warrant Common Shares. However, the Special Warrants and Special Warrant Common Shares, have not been and will not be registered under the U.S. Securities Act, and may not be offered, sold or delivered in the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S under the U.S. Securities Act) except in certain transactions exempt from the registration requirements of the U.S. Securities Act and state securities laws.

CAPITALIZATION OF THE CORPORATION

The following table sets forth the capitalization of the Corporation as at September 30, 2007 and as at December 21, 2007, both before and after giving effect to the Offering.

Designation (authorized)	As at September 30, 2007 (unaudited)	As at December 21, 2007 before giving effect to the Offering (unaudited)	As at December 21, 2007 after giving effect to the Offering (unaudited)(3)
Long Term Debt	Nil	Nil	Nil
Preferred Shares (Unlimited)	Nil	Nil	Nil
Common Shares (Unlimited)(1)	$18,188,334 (32,777,520 Common Shares)	$18,188,334 (32,777,520 Common Shares)	$18,188,334 (32,777,520 Common Shares)
Share Purchase Warrants(2)	$243,316 (800,000 Share Purchase Warrants)	$243,316 (800,000 Share Purchase Warrants)	$243,316 (800,000 Share Purchase Warrants)
Special Warrants	Nil	$3,375,049 (1,875,027 Special Warrant)	$3,375,049 (1,875,027 Special Warrant)

Notes:

(1) As at December 21, 2007, the Corporation had outstanding to officers, directors, employees and consultants options to purchase an aggregate of 5,690,000 Common Shares at exercise prices ranging from $0.10 to $2.74 per share.

(2) On March 30, 2006, the Corporation completed a private placement of 8,644,444 units, each unit being comprised of one Common Share and on-half of a share purchase warrant ("**Share Purchase Warrant**"). Each whole Share Purchase Warrant entitled the holder to purchase one Common Share until December 31, 2006, at a price of $2.75 per Common Share. On December 18, 2006, the TSXV consented to the extension of the expiry date of the Share Purchase Warrants to February 28, 2007.

(3) After deducting estimated expenses of $50,000 of the Offering and after tax effecting these share issuance costs using an estimated rate. Assumes the net proceeds of the Offering are initially used to reduce bank indebtedness.

(4) At September 30, 2007, the Corporation had retained earnings (deficit) of ($6,580,311) and contributed surplus of $7,310,461.

DESCRIPTION OF SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of first and second preferred shares, issuable in series. The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of shareholders of the Corporation (other than meetings of holders of any other class of shares meeting as a class or the holders of one or more series of any class of shares meeting as a series) and are entitled to one vote in respect of each Common Share held. Holders of Common Shares have the right to receive any dividends declared by the board of directors on the Common Shares, subject to any prior rights attaching to the first preferred shares or second preferred shares and any other shares ranking in priority to the Common Shares in respect of payment of dividends. Holders of Common Shares have the right to receive the remaining assets of the Corporation in the event of the liquidation, dissolution of winding-up of the Corporation, subject to the prior satisfaction of any preferential rights attached to the first preferred shares or second preferred shares and any other shares ranking in priority to the Common Shares. As at December 21, 2007 there were 32,777,520 Common Shares issued and outstanding and no first or second preferred shares were outstanding.

USE OF PROCEEDS

The estimated net proceeds to the Corporation from the sale of the Special Warrants is $3,122,546 after deducting the Agency Fee of $202,503 and the expenses of this distribution estimated to be $50,000. The net proceeds from the Offering will be used to fund Challenger's ongoing exploration and development activities and for general working capital purposes.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of McCarthy Tétrault LLP, counsel to the Corporation, the following is a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Special Warrant Common Shares by holders of Special Warrants who acquire Special Warrant Common Shares that are qualified for distribution pursuant to this prospectus. This summary is applicable to a holder who, for purposes of the Tax Act, holds the Special Warrant Common Shares as capital property, and deals at arm’s length and is not affiliated with the Company. The Special Warrant Common Shares will generally be considered capital property to a holder unless either the holder holds such Special Warrant Common Shares in the course of carrying on a business of buying and selling securities or the holder has acquired the Special Warrant Common Shares in a transaction or transactions considered to be an adventure in the nature of trade. Certain holders who might not otherwise be considered to hold their Special Warrant Common Shares as capital property may, in certain circumstances, be entitled to make an irrevocable election permitted by subsection 39(4) of the Tax Act to have the Special Warrant Common Shares and every other “Canadian security” (as defined in the Tax Act), owned by such holder in the taxation year of the election and in all subsequent taxation years deemed to be capital property.

This summary is not applicable to a holder: (i) that is a “financial institution” (as defined in the Tax Act for purposes of the mark-to-market rules); (ii) a “specified financial institution”; (iii) an interest in which is a “tax shelter investment”; or (iv) to which the “functional currency” reporting rules in section 261 of the Tax Act apply, (all within the meaning of the Tax Act). Such holders should consult their own tax advisors.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the “**Regulations**”), all proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance prior to the date hereof (the “**Proposals**”) and counsel’s understanding of the administrative and assessing practices and policies of the Canada Revenue Agency (“**CRA**”) which have been made publicly available prior to the date hereof. No assurance can be given that the Proposals will be enacted as proposed, if at all. This summary does not take into account or anticipate any other changes in law, whether by legislative, regulatory, administrative or judicial decision or action or changes in the administrative practices of CRA, is not exhaustive of all Canadian federal income tax considerations and does not take into account other federal tax considerations or provincial, territorial or foreign income tax legislation or considerations.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Special Warrant Common Shares. The income and other tax consequences of acquiring, holding and disposing of Special Warrant Common Shares will vary according to the status of the holder, the province or provinces in which the holder resides or carries on business and, generally, the holder's own particular circumstances. Accordingly, the following description of income tax matters is of a general nature only and is not intended to constitute advice to any particular holder. Prospective holders should consult their own tax advisors with respect to the income tax consequences of investing in Special Warrant Common Shares, based on the holder's particular circumstances.

Residents of Canada

The following part of the summary is applicable to holders who, at all relevant times are, or are deemed to be, resident in Canada for the purposes of the Tax Act and any applicable income tax treaty or convention.

Exercise of Special Warrants

No gain or loss will be realized by a holder upon the exercise of a Special Warrant. The cost to the holder of the Special Warrant Common Share acquired upon the exercise of a Special Warrant will be equal to the cost of the Special Warrant to the holder immediately prior to the exercise. The cost to a holder of a Special Warrant Common Share acquired upon the exercise of a Special Warrant must be averaged with the adjusted cost base (determined immediately before the exercise of the Special Warrant) of all other Common Shares held by the holder as capital property at the time of the exercise of the Special Warrant.

Disposition of Special Warrant Common Shares

In general, a holder of a Special Warrant Common Share will realize a capital gain (or capital loss) on a disposition, or a deemed disposition of such Special Warrant Common Share (other than to the Corporation), equal to the amount by which the proceeds of disposition of the Special Warrant Common Share net of any costs of disposition, exceed (or are less than) the adjusted cost base of the Special Warrant Common Share to the holder.

A holder will be required to include in income one-half of the amount of any capital gain (a ''taxable capital gain'') realized in the year of a disposition of the Special Warrant Common Shares and will generally be entitled to deduct one-half of the amount of any capital loss (an ''allowable capital loss'') against taxable capital gains realized in the year of a disposition, the three preceding years or any subsequent year, to the extent and under the circumstances described in the Tax Act.

In general, in the case of a holder that is a corporation, the amount of any capital loss otherwise determined arising from a disposition or deemed disposition of Special Warrant Common Shares may be reduced by the amount of dividends previously received thereon, or deemed received thereon, to the extent and under circumstances prescribed in the Tax Act. Analogous rules apply where a corporation is, directly or through a trust or partnership, a member of a partnership or a beneficiary of a trust which owns Special Warrant Common Shares.

A holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" as defined in the Tax Act may be liable to pay, in addition to the tax otherwise payable under the Tax Act, a refundable tax of 6 2/3% of its "aggregate investment income" for the year which is defined to include taxable capital gains.

Capital gains realized by an individual may give rise to a liability for alternative minimum tax.

Taxation of Dividends on Special Warrant Common Shares

Dividends (including deemed dividends) received on the Special Warrant Common Shares by a holder who is an individual (other than by certain trusts) will be included in the individual's income and will generally be subject to the gross-up and the dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations. To the extent the Corporation designates the dividends as "eligible dividends" in the prescribed manner, the holder will be subject to the enhanced gross-up and dividend tax credit rules. Taxable dividends received by an individual (and certain trusts) may give rise to alternative minimum tax under the Tax Act, depending on the individual's circumstances.

Dividends (including deemed dividends) received on the Special Warrant Common Shares by a holder that is a corporation will be included in computing the corporation's income and will generally be deductible in computing the corporation's taxable income.

A holder that is a "private corporation", as defined in the Tax Act, or any other corporation controlled by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a 33⅓ % refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the Special Warrant Common Shares to the extent such dividends are deductible in computing its taxable income.

Alternative Minimum Tax

Individuals, including certain trusts, are subject to an alternative minimum tax. Generally, dividends received or deemed to be received on the Special Warrant Common Shares and capital gains realized on a disposition or deemed disposition of Special Warrant Common Shares may increase a holder's liability for alternative minimum tax. Holders should consult their own advisors with respect to alternative minimum tax.

Non-Residents of Canada

This part of the summary is generally applicable to a holder who, at all relevant times, is neither a resident, nor deemed to be a resident, of Canada for purposes of the Tax Act and any applicable income tax treaty or convention, and who does not use or hold, and is not deemed to use or hold, the Special Warrant Common Shares in carrying on a business in Canada (a "**Non-Resident Holder**").

Exercise of Special Warrants

No gain or loss will be realized by a Non-Resident Holder upon the exercise of a Special Warrant. The cost to the holder of the Special Warrant Common Share acquired upon the exercise of a Special Warrant will be equal to the cost of the Special Warrant to the holder immediately prior to the exercise. The cost to a Non-Resident Holder of a Special Warrant Common Share acquired upon the exercise of a Special Warrant must be averaged with the adjusted cost base (determined immediately before the exercise of the Special Warrant) of all other Common Shares held by the holder as capital property at the time of the exercise of the Special Warrant.

Disposition of Special Warrant Common Shares

A Non-Resident Holder of Special Warrant Common Shares will generally not be subject to tax under the Tax Act in respect of the disposition of such shares, provided that the Special Warrant Common Shares are not, and are not deemed to be, "taxable Canadian property" (as defined in the Tax Act) to such holder at the time of disposition.

Generally, Special Warrant Common Shares will not be taxable Canadian property to a Non-Resident Holder at a particular time provided that: (i) the shares are listed on a prescribed stock exchange (which includes the TSXV and the AMEX); (ii) at no time during the sixty (60) month period immediately preceding the disposition of the shares did the holder, either alone or in combination with one or more persons with whom the holder does not deal at arm's length, own or have an interest in or an option in respect of, 25% or more of the issued shares of any class or series of shares in the capital of the Corporation; and, (iii) the shares are not deemed under the Tax Act to be taxable Canadian property of the Non-Resident Holder.

In the event that the Special Warrant Common Shares are or are deemed to be taxable Canadian property to a Non-Resident Holder, the tax consequences of realizing a capital gain on the disposition of such shares as described under the heading "Residents of Canada - *Disposition of Special Warrant Common Shares*" generally will apply, subject to the Non-Resident Holder being entitled to relief under the provisions of an applicable income tax treaty or convention. Non-Resident Holders whose Special Warrant Common Shares are taxable Canadian property should consult with their own tax advisors for advice having regard to their particular circumstances.

Taxation of Dividends on Special Warrant Common Shares

Dividends on the Special Warrant Common Shares paid or credited or deemed to be paid or credited to a Non-Resident Holder will be subject to a non-resident withholding tax under the Tax Act at a rate of 25%, subject to reduction under the provisions of any applicable income tax treaty or convention. For example, under the *Canada-United States Income Tax Convention (1980)* (the "**Canada-U.S. Treaty**"), the withholding tax rate is generally reduced to 15% in respect of a dividend paid to a person who does not hold 10% or more of the voting stock of the Corporation, is the beneficial owner of the dividend and who is resident in the U.S. for purposes of the Canada-U.S. Treaty.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

IRS CIRCULAR 230 DISCLOSURE: To ensure compliance with requirements imposed by the Internal Revenue Service (the "IRS"), prospective investors are hereby notified that: (a) any discussion of United States federal tax issues in this document is not intended or written by Challenger to be relied upon, and cannot be relied upon by you, for the purpose of avoiding penalties that may be imposed on you under the Internal Revenue Code of 1986, as amended (the "Code"); (b) such discussion is written in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) you should seek advice based on your particular circumstances from an independent tax advisor.

The following description is a general summary of certain material U.S. federal income tax consequences of the purchase, ownership and disposition of Challenger Special Warrants and Special Warrant Common Shares by a "U.S. Holder". This discussion does not address all potentially relevant U.S. federal income tax matters, and unless otherwise specifically provided, it does not address any state, local, foreign or alternative minimum tax consequences of purchasing, holding or disposing of the Challenger Special Warrants or Special Warrant Common Shares. This discussion is limited to U.S. Holders that own less than 10% of Challenger's total shares outstanding.

As used herein, the term "U.S. Holder" means the following persons who invest in and hold Challenger Special Warrant Common Shares as capital assets: (i) citizens or residents (as defined for U.S. federal income tax purposes) of the United States; (ii) corporations (or other entities classified as corporations for U.S. federal income tax purposes) organized under the laws of the United States or of any state or the District of Columbia, (iii) an estate whose income is subject to U.S. federal income taxation regardless of its source, and (iv) a trust (A) if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (B) that has elected to be treated as a U.S. person under applicable U.S. Treasury regulations, or Treaty Regulations, and, in each case, (a) who are residents of the United States for purposes of the Canada-United States Tax Convention (1980), as amended (the "Convention"), (b) whose common shares would not, for purposes of the Convention, be effectively connected with a permanent establishment in Canada and (c) who otherwise would qualify for the full benefits of the Convention. It should be noted that certain "single member entities" are disregarded for U.S. federal income tax purposes. Thus, the income, gain, loss and deductions of such entity are attributed to the owner of such single member entity for U.S. federal income tax purposes.

The discussion below for U.S. Holders may not apply to certain single member non-corporate entities that are treated as owned by a non-U.S. Holder. If a partnership holds Challenger Special Warrant Common Shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. We recommend that prospective investors which are single member non-corporate entities or partners in partnerships holding Challenger Special Warrant Common Shares consult with their own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them.

This summary is based on the Convention, the Code, administrative pronouncements, judicial decisions and existing and proposed Treasury Regulations, changes to any of which subsequent to the date of this prospectus may affect the tax consequences described herein possibly on a retroactive basis. It is for general guidance only and does not address the consequences applicable to certain categories of shareholders subject to special treatment under the Code, including, but not limited to, tax exempt organizations, pass through entities, certain financial institutions, insurance companies, dealers in securities or foreign currencies, traders in securities electing to mark to market, U.S. persons whose functional currency (as defined in Section 985 of the Code) is not the U.S. dollar or persons that own directly, indirectly or by application of the constructive ownership rules of the Code 10% or more of Challenger's shares by voting power or by value, or shareholders who acquired Challenger shares or the Special Warrants as compensation or through a tax-qualified retirement plan. We recommend that persons exchanging Special Warrants for Special Warrant Common Shares consult their tax advisors with regard to the application of the income tax laws of the United States and any other taxing jurisdiction to their particular situations.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal, business or tax advice to any prospective investor, and no representation with respect to the tax consequences to any particular investor is made. **We recommend that prospective investors consult their own tax advisors with respect to the income tax considerations relevant to them, having regard to their particular circumstances.**

Special Warrants

Treatment of the Special Warrants

Challenger will treat the Special Warrants as warrants for U.S. federal income tax purposes rather than as equity or stock, and the following discussion assumes that such treatment will be respected.

Exercise of Special Warrants

Upon the exercise of a Special Warrant, a U.S. Holder will (a) not recognize gain or loss (except to the extent of cash, if any received in lieu of the issuance of fractional shares, in which case, the amount and character of which will be determined as if the U.S. Holder had received the fractional shares and immediately had them redeemed by Challenger for cash) and (b) have a tax basis in the Special Warrant Common Shares acquired pursuant to the exercise of the Special Warrant equal to the U.S. Holder's tax basis in the exercised Special Warrant (less any portion of the tax basis allocable to cash received in lieu of fractional shares) plus the exercise price of the Special Warrant. The holding period of the Special Warrant Common Shares so acquired will begin on the day after the exercise of the Special Warrant unless Challenger is a PFIC as described below. If Challenger is a PFIC, then the holding period of the Special Warrant Common Shares will include the period during which the Special Warrant was held.

Dividends

Subject to the discussion regarding passive foreign investment companies below, a U.S. Holder generally will recognize, to the extent of Challenger's current and accumulated earnings and profits (determined in accordance with U.S. federal income tax principles), dividend income on the receipt of distributions (including constructive dividends) on the Challenger Special Warrant Common Shares equal to the U.S. dollar value of such distributions determined by reference to the exchange rate on the day they are received by the U.S. Holder (with the value of such distributions computed before any reduction for any Canadian withholding tax).

Any amount of such distributions treated as dividends generally will not be eligible for the dividends received deduction available to certain U.S. corporate shareholders. To the extent that any such distribution exceeds Challenger's current and accumulated earnings and profits, it will be treated first as a tax free return of the U.S. Holder's tax basis in the Challenger Special Warrant Common Shares to the extent thereof, and thereafter as a gain from the sale or exchange of such shares (see "Dispositions" below). U.S. Holders who receive distributions in Canadian dollars must include in income under the rules described above an amount equal to the U.S. dollar value of such distributions on the date of receipt based on the exchange rate on such date.

We recommend that U.S. Holders consult their own tax advisors regarding the treatment of foreign currency gain or loss, if any, on any distributions received in Canadian dollars that are subsequently converted into U.S. dollars. Distributions to a U.S. Holder with respect to the Challenger Special Warrant Common Shares will be subject to Canadian non-resident withholding tax, which is limited to a maximum rate of 15% pursuant to the terms of the Convention. Any Canadian withholding tax paid will not reduce the amount treated as received by the U.S. Holder for U.S. federal income tax purposes. However, subject to limitations imposed by U.S. law, a U.S. Holder may be eligible to receive a foreign tax credit for the Canadian withholding tax. Because the limitations applicable to the foreign tax credit rules are complex, we recommend that U.S. Holders consult their own tax advisors concerning the implications of these rules in light of their particular circumstances. U.S. Holders who do not elect to claim any foreign tax credits may be able to claim an ordinary income tax deduction for Canadian income tax withheld.

Subject to the discussion regarding passive foreign investment companies below, with respect to non-corporate U.S. investors, certain dividends received before January 1, 20011 from a qualified foreign corporation may be subject to U.S. federal income tax at reduced rates of taxation. A qualified foreign corporation includes a foreign corporation that is eligible for the benefits of a comprehensive income tax treaty with the United States which the U.S. Treasury Department determines to be satisfactory for these purposes and which includes an exchange of information provision. The U.S. Treasury Department has determined that the Convention meets these requirements.

Non-corporate holders that do not meet a minimum holding period requirement during which they are not protected from the risk of loss or that elect to treat the dividend income as "investment income" pursuant to section 163(d)(4) of the Code will not be eligible for the reduced rates of taxation regardless of Challenger's status as a qualified foreign corporation. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. We recommend that you consult your own tax advisors regarding the application of this legislation to your particular circumstances.

Dispositions

Subject to the discussion regarding passive foreign investment companies below, upon a sale or exchange of a Challenger Special Warrant Common Share, a U.S. Holder will generally recognize a capital gain or loss equal to the difference between the amount realized on such sale or exchange (or, if the amount realized is denominated in Canadian dollars, its U.S. dollar equivalent, determined generally by reference to the spot rate of exchange on the date of disposition) and the tax basis of such Challenger Special Warrant Common Share. Such gain or loss will be a long term capital gain or loss if the Challenger Special Warrant Common Share has been held for more than one year and will be short-term gain or loss if the holding period is equal to or less than one year. Such gain or loss generally will be considered U.S. source gain or loss for U.S. foreign tax credit purposes. Long-term capital gains of non-corporate taxpayers are eligible for reduced rates of taxation. There are currently no preferential tax rates for long-term capital gains of a U.S. Holder which is a corporation. For both corporate and non-corporate taxpayers, limitations apply to the deductibility of capital losses.

Passive Foreign Investment Company

Notwithstanding the discussion above, the rules governing "passive foreign investment companies" ("PFICs") can have significant tax effects on U.S. Holders. Challenger will be classified as a passive foreign investment company if, for any taxable year, either:

(a) 75% or more of Challenger's gross income is "passive income," which generally includes interest, dividends, certain gains from the sale or exchange of stock or securities and some types of rents and royalties, or

(b) on average, 50% or more of Challenger's assets, by fair market value, or, in some cases, by adjusted tax basis, produce or are held for the production of "passive income."

Distributions constituting “excess distributions,” as defined in Section 1291 of the Code, from a passive foreign investment company and dispositions of shares of a passive foreign investment company are subject to U.S. federal income tax at the highest rate of tax on ordinary income in effect and to an interest charge based on the value of the tax deferred during the period during which the shares are owned.

Management believes that Challenger is currently a PFIC, which will have significant negative effects on U.S. Holders. As such, unless U.S. Holders make a mark-to-market election with respect the Special Warrant Common Shares or make an election to treat Challenger as a qualified electing fund (a “QEF Election”), U.S. Holders will be subject to the PFIC rules with respect to all gains from the disposition of their Special Warrant Common Shares and all or a portion of the actual distributions received from Challenger (the portion of the actual distribution that exceeds 125% of the average amount of distributions received during the preceding 3 years). The PFIC rules allocate such income ratably to each day in the U.S. Holder’s holding period, and those portions of the excess distribution allocated to prior PFIC years are taxed at the highest tax rate (35% for 2007) for the year(s) to which allocated and subject to an interest charge (currently approximately 5%). The tax and interest determined under the PFIC rules are added to the tax liability for the U.S. Holder for the current taxable year. In addition, non-corporate U.S. Holders will not be eligible for reduced rates of taxation on any dividends received from Challenger prior to January 1, 20011 if Challenger is a passive foreign investment company in the taxable year in which such dividends are paid or in the preceding taxable year.

Generally, U.S. Holders may make a mark-to-market election in respect of "marketable stock" of a PFIC and elect out of the tax treatment discussed above. The mark-to-market election is available only for "marketable stock", which is stock that is regularly traded on a qualified exchange or other market, as defined in applicable U.S. Treasury regulations. Challenger expects that the Special Warrant Common Shares will be listed on the Toronto Exchange and, consequently, U.S. Holders of Special Warrant Common Shares should be able to make the mark-to-market election in respect of such U.S. Holders’ Special Warrant Common Shares.

If a U.S. Holder makes a valid mark-to-market election for the Special Warrant Common Shares, the U.S. Holder will include in income in each year an amount equal to the excess, if any, of the fair market value of the Special Warrant Common Shares as of the close of the U.S. Holder’s taxable year over the U.S. Holder’s adjusted basis in such Special Warrant Common Shares. A U.S. Holder that has made a mark-to-market election is generally allowed a deduction for the excess, if any of the adjusted basis of such U.S. Holder’s Special Warrant Common Shares over their fair market value as of the close of the taxable year. Consequently, if the value of the Special Warrant Common Shares declines during a taxable year, the U.S. Holder will be allowed a deduction for such decline in value, but only to the extent of any net mark-to-market gains on the Special Warrant Common Shares included in the U.S. Holder’s income for prior taxable years.

Amounts included in the U.S. Holder’s income under a mark-to-market election, as well as gain on the actual sale or other disposition of the U.S. Holder’s Special Warrant Common Shares while Challenger is a PFIC, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on the U.S. Holder’s Special Warrant Common Shares, as well as to any loss realized on the actual sale or disposition of the Special Warrant Common Shares while Challenger is a PFIC, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such Special Warrant Common Shares. The U.S. Holder’s basis in the Special Warrant Common Shares will be adjusted to reflect any such income or loss amounts. Generally, the same tax rules that apply to distributions by corporations which are not PFICs would apply to distributions by Challenger if a U.S. Holder has made a mark-to-market election, except that the lower applicable capital gains rates would not apply.

A U.S. Holder that has made a mark-to-market election will only include mark-to-market gain or loss with respect to such U.S. Holder’s Special Warrant Common Shares for any taxable year for which Challenger is a PFIC. Thus, if a U.S. Holder sells or disposes of such U.S. Holder’s Special Warrant Common Shares in a year in which the Corporation is not a PFIC, the U.S. Holder should have capital gain rather than ordinary income on any gain recognized on such sale or other disposition. Such capital gain may be long term capital gain if the U.S. Holder has held the Special Warrant Common Shares for a period of one year after Challenger was no longer a PFIC.

The mark-to-market election does not terminate when Challenger ceases to be a PFIC. Thus, if Challenger is a PFIC in a year after it was not a PFIC, the U.S. Holder must apply the mark-to-market rules for that year and any subsequent years in which Challenger is a PFIC. The rules in respect of the mark-to-market election and PFICS generally are complicated and U.S. Holders should consult their tax advisors about the application of these rules to their particular circumstances.

Alternatively, if U.S. Holders make a QEF Election, such U.S. Holders will be currently taxed on such U.S. Holders' pro rata share of Challenger's earnings.

Prospective investors should be aware, however, that Challenger does not intend to provide U.S. Holders with information as to its status as a passive foreign investment company or to comply with any record keeping, reporting or other requirements of the Code applicable to passive foreign investment companies. Consequently, it is extremely unlikely that U.S. Holders will be able to make an effective QEF Election.

Unless U.S. Holders make a mark-to-market election or a QEF Election in respect of their Special Warrant Common Shares, U.S. Holders will generally be subject to increased tax liability in respect of gain recognized on the sale of the Special Warrant Common Shares or upon receipt of certain distributions as described above. It should be noted, however, that tax exempt investors, including entities exempt from tax under Section 501(c)(3) of the Code and pension funds exempt under Section 401 of the Code are generally not subject to these PFIC rules. We recommend that U.S. Holders consult a tax advisor with respect to how the passive foreign investment company rules affect their tax situation.

Information Reporting and Backup Withholding

A U.S. Holder may be subject to U.S. information reporting with respect to dividends paid on the Challenger Special Warrant Common Shares and certain payments of proceeds from the sale or exchange of the Challenger Special Warrant Common Shares, unless such U.S. Holder is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact. A U.S. Holder that is subject to U.S. information reporting generally will also be subject to U.S. backup withholding (currently at the rate of 28%) unless such U.S. Holder provides a correct taxpayer identification number, certifies as to no loss of exemption from backup withholding and otherwise complies with applicable requirements of the backup withholding tax rules. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability.

LEGAL MATTERS

Certain legal matters in respect of the offering of the Special Warrants will be passed upon on behalf of the Corporation by McCarthy Tétrault LLP, Calgary, Alberta. The partners and associates of McCarthy Tétrault LLP, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding common shares in the capital of the Corporation.

INTERESTS OF EXPERTS

As of the date hereof, the partners and associates of McCarthy Tétrault LLP, as a group, each owned, directly or indirectly, less than 1% of the outstanding Common Shares. As of the date hereof, the principals of Chapman Petroleum Engineering Ltd., the Corporation's independent reserve evaluator, did not beneficially own, directly or indirectly, any securities of Challenger.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or of any associate or affiliate of the Corporation.

RISK FACTORS

An investor should consider carefully the risk factors described under "Risk Factors" in the AIF. In addition, investors should carefully review and consider all other information contained in this short form prospectus before making an investment decision. There can be no assurance that the Corporation's future exploration and

development efforts will result in the discovery and development of additional commercial accumulations of oil and natural gas.

LEGAL PROCEEDINGS

There are no outstanding legal proceedings material to the Corporation to which the Corporation is a party or in respect of which any of its properties are subject, nor are there any such proceedings known to be contemplated.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are Meyers Norris Penny LLP, Chartered Accountants, 3rd Floor, 622 – 5th Avenue S.W., Calgary, Alberta, T2P OM6.

The transfer agent and registrar for the common shares is Olympia Trust Company at its principal offices in Calgary.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

CONTRACTUAL RIGHT OF RESCISSION

In the event that a holder of a Special Warrant who acquires a Special Warrant Common Share upon the exercise of a Special Warrant as provided for in this short form prospectus, is or becomes entitled under applicable securities legislation to the remedy of rescission by reason of this short form prospectus or any amendment thereto containing a misrepresentation, such holder shall be entitled to rescission not only of the holder’s exercise of its Special but also of the private placement transaction pursuant to which the Special Warrant was initially acquired, and shall be entitled in connection with such rescission to a full refund of all consideration paid to the Corporation on the acquisition of the Special Warrant. In the event such holder is a permitted assignee of the interest of the original subscriber, such permitted assignee shall be entitled to exercise the rights of rescission and refund granted hereunder as if such permitted assignee was such original subscriber. The foregoing is in addition to any other right or remedy available to a holder of the Special Warrants under applicable securities legislation or otherwise at law.

AUDITORS' CONSENT

Consent of Meyers Norris Penny LLP

We have read the short form prospectus of Challenger Energy Corp. (the "Corporation") dated December •, 2007 (the "Prospectus") related to the distribution of 1,875,027 Special Warrant Common Shares of the Corporation at a price of $1.80 per share. We have complied with Canadian generally accepted standards for an auditors' involvement with offering documents.

We consent to the incorporation by reference in the above mentioned Prospectus of our report to the shareholders of the Corporation on the consolidated balance sheets of the Corporation as at December 31, 2006 and 2005 and the consolidated statements of earnings and retained earnings and cash flows for the years then ended. Our report is dated March 23, 2007.

Calgary, Canada	•
December •, 2007	Chartered Accountants

CERTIFICATE OF THE CORPORATION

Date: December 21, 2007

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the Province of Alberta.

CHALLENGER ENERGY CORP.

(signed) "Daniel MacDonald"	(signed) "Manjeet Dhillon"
Daniel MacDonald President and Chief Executive Officer	Manjeet Dhillon Vice-President, Finance and Chief Financial Officer

On behalf of the Board of Directors:

(signed) "Michael Hibberd"	(signed) "John Brown"
Michael Hibberd Director	John Brown Director